

1 BILL NO.

B-80-04-05

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RESOLUTION NO.

B-39-80

A RESOLUTION authorizing the filing of an application for Urban Development Action Grant funds for the Civic Center Hotel Project

WHEREAS, the overall economic development plan has been developed for Allen County by an economic development task force, and

WHEREAS, the overall economic development plan identifies the importance of revitalizing downtown Fort Wayne, and

WHEREAS, the City's Community Development Plan also identifies the needs to revitalize the downtown area, and

WHEREAS, the Housing and Urban Development Act of 1977 makes available Urban Development Action Grants to certain cities for economic revitalization, and

WHEREAS, the City of Fort Wayne has been found eligible by the Department of Housing and Urban Development to apply for such an Urban Development Action Grant, and

WHEREAS, it has been determined that the construction of a hotel in the Civic Center Urban Renewal Project will aid in the revitalization of the downtown area, and

WHEREAS, of the cost of such hotel, up to \$4,000,000, can be funded by a grant as aforesaid, if properly and duly applied for.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:

SECTION 1. That an application for Urban Development Action Grant funds in the amount of up to \$4,000,000, to be used for a portion of the construction costs of a hotel in the Civic Center Urban Renewal Project, is hereby approved.

SECTION 2. That the Mayor is hereby authorized to execute and submit said application to the Department of Housing and Urban Development.


Councilman

APPROVED AS TO FORM AND LEGALITY April 3, 1980.

John E. Hoffman
JOHN E. HOFFMAN
City Attorney

Read the first time in full and on motion by Stier,
seconded by Eisbart, and duly adopted, read the second time
by title and referred to the Committee Finance (and the City
Plan Commission for recommendation) and Public Hearing to be held after
due legal notice, at the Council Chambers, City-County Building, Fort Wayne,
Indiana, on _____, 19____, the _____ day of _____

DATE: 4/18/80

Charles W. Westerman
CHARLES W. WESTERMAN
CITY CLERK

Read the third time in full and on motion by Stier,
seconded by Eisbart, and duly adopted, placed on its
passage. PASSED (~~1980~~) by the following vote:

	<u>AYES</u>	<u>NAYS</u>	<u>ABSTAINED</u>	<u>ABSENT</u>	<u>TO-WIT:</u>
<u>TOTAL VOTES</u>	<u>7</u>	<u>0</u>	<u>1</u>	<u>1</u>	
<u>BURNS</u>	<u>X</u>		<u>X</u>		
<u>EISBART</u>	<u>X</u>				
<u>GiaQUINTA</u>				<u>X</u>	
<u>NUCKOLS</u>	<u>X</u>				
<u>SCHMIDT, D.</u>	<u>X</u>				
<u>SCHMIDT, V.</u>	<u>X</u>				
<u>SCHOMBURG</u>	<u>X</u>				
<u>STIER</u>	<u>X</u>				
<u>TALARICO</u>	<u>X</u>				

DATE: 4/22/80

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne,
Indiana, as (ZONING MAP) (GENERAL) (ANNEXATION) (SPECIAL)
(APPROPRIATION) ORDINANCE (RESOLUTION) No. B-29-80
on the 22nd day of April, 1980.

ATTEST:
Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

(SEAL)
Vivian H. Schmidt
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on
the 23rd day of April, 1980, at the hour of
11:30 clock 11 M., E.S.T.

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Approved and signed by me this 23rd day of April
1980, at the hour of 3 o'clock 8 M., E.S.T.

Winfield C. Moses, Jr.
WINFIELD C. MOSES, JR.
MAYOR

BILL NO. R-80-04-05

REPORT OF THE COMMITTEE ON FINANCE

WE, YOUR COMMITTEE ON FINANCE TO WHOM WAS REFERRED AN
ORDINANCE A RESOLUTION authorizing the filing of an application for
Urban Development Action Grant funds for the Civic Center Hotel
Project

HAVE HAD SAID ORDINANCE UNDER CONSIDERATION AND BEG LEAVE TO REPORT
BACK TO THE COMMON COUNCIL THAT SAID ORDINANCE 190 PASS.

JAMES S. STIER, CHAIRMAN

MARK GIAQUINTA, VICE CHAIRMAN

BEN EISBART

PAUL M. BURNS

DONALD J. SCHMIDT

James S. Stier
Mark C. Gia
B. Eisbart

D. J. Schmidt

4-22-80

CONCURRED IN

CHARLES W. WELLS

PAE

April 8, 1980

The Honorable
Winfield C. Moses, Jr.
Mayor of the City of Fort Wayne
Room 900
City-County Building
Fort Wayne, Indiana 46802

Dear Mayor Moses:

This is to state that the members of the citizen review committee of the Citizen Participation Plan, following a hearing pertaining to the UDAG Application prepared in connection with the Civic Center Hotel, held in the Board of Works Hearing Room on the 9th Floor of the City-County Building, Fort Wayne, Indiana, on April 7, 1980, do recommend that the grant be acted upon positively by the City Council of Fort Wayne, Indiana.

Sincerely,


Dennis Williamson
Chairman

DW/mb

cc Councilperson Vivian G. Schmidt
Mr. Robert P. Turk, Executive Director, Redevelopment Commission

FORT WAYNE REDEVELOPMENT COMMISSION

DATE: April 8, 1980

TO: Ms. Vivian G. Schmidt, President of Common
FROM: Robert P. Turk, Executive Director Council
SUBJECT: Application to HUD for an Urban
Development Action Grant: Radisson
Fort Wayne Hotel

As the Council Members may recall, the Redevelopment Commission, in December, 1979, selected Landmark the developer for the hotel site. Since that time, much progress has been achieved by the developer, the Commission, the lender, and the proposed hotel operator towards the realization of this project.

The Commission is prepared to enter into a Land Sale Contract with the developer. The developer has entered into a Management Contract with the Radisson Hotel Corporation. The lender has agreed to provide a first mortgage. Commitments are in process for the private equity investment. The Fort Wayne/Allen County Convention & Tourism Authority has agreed to the plans recommended by the hotel developer.

This Application proposes an up to \$4,000,000 HUD grant to the City to cover a portion of the \$23,000,000 proposed Radisson Fort Wayne Hotel to be developed as part of the Civic Center Renewal Project. If approved, the \$4,000,000 would become a second mortgage loan to the hotel developers to be paid back to us over a 40-year term at 8% interest. Payments would begin no later than year 6. The annual payment on this note will be \$380,432.68. Total recapture is \$13,350,144. The recapture will be used for economic development activities in the City. This approach is similar to the one approved by the Council for the successful HWI UDAG Application.

The balance (\$19,150,000) of the financing will come from private investors and is scheduled as follows:

- \$14,000,000 First Mortgage: Lincoln National Life
- \$ 5,150,000 Cash Equity: 1) Capital Realty Investment, Inc.
2) Appletree Enterprises, Inc. (Landmark)
3) Lincoln National Life
4) Radisson Hotel Corporation
5) Others

The Fort Wayne Redevelopment Commission strongly recommends Council approval of the Application. The UDAG second mortgage is necessary to fill the financing gap between the estimated development costs for the hotel and the available private financing. The Radisson Fort Wayne will be the first new downtown hotel to be built in Fort Wayne in many years. It will accomplish important goals of the Commission and the Council, as set forth in the Council approved Downtown Revitalization Plan and in the approved Civic Center Redevelopment Plan. Specific benefits include:

**FORT WAYNE
REDEVELOPMENT
COMMISSION**

DATE:
TO: Ms. Vivian G. Schmidt - Page 2
FROM:
SUBJECT:

1. 335 new, permanent jobs, easily accessible to the Central City neighborhoods
2. 378 new construction jobs
3. Approximately \$495,000 in property tax revenues
4. \$250,000 in hotel room taxes
5. Will help downtown to function on a 24-hour per day basis
6. Will help make downtown an activity and entertainment center for the community
7. Will help stabilize remaining retail activity and help support additional retail

The UDAG Application must be submitted to HUD by April 30, 1980 in order to meet the quarterly review cycle. We will be available to review this project with you at your scheduled meeting on April 15, 1980. Enclosed is a copy of the draft UDAG Application and a copy of the hotel brochure.

The Application has also been reviewed and approved by the Mayor's Citizen Review Committee. A copy of their signed approval letter is also attached.

RPT/mbv
Enclosures

cc City Council Members
(Enclosures)

Community Development Program

**Radisson-Fort Wayne
Hotel Project**

DRAFT

Application for

**Urban Development
Action Grant**

Program Year: 1980-1981

APPLICATION
FOR AN
URBAN DEVELOPMENT ACTION GRANT

Radisson-Fort Wayne Hotel

Submitted to the
U.S. Department of Housing and Urban Development

By the
City of Fort Wayne, Indiana

April 30, 1980

Prepared for the Fort Wayne Redevelopment Commission
by
Raymond, Parish, Pine & Weiner, Inc.

Urban Development Action Grant Application

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Part I.
Application for Federal Assistance

FEDERAL ASSISTANCE		2. APPLICANT'S APPLICATION	3. STATE APPLICATION IDENTIFIER	4. NUMBER	5. NUMBER
1. TYPE OF ACTION	<input type="checkbox"/> PREAPPLICATION <input checked="" type="checkbox"/> APPLICATION <input type="checkbox"/> NOTIFICATION OF INTENT (Opt.) <input type="checkbox"/> REPORT OF FEDERAL ACTION	a. NUMBER U-1980-2 b. DATE Year month day 19 80 4 30	a. NUMBER b. DATE Year month day 19 80 4 30	a. NUMBER b. DATE Year month day 19 80 4 30	a. NUMBER b. DATE Year month day 19 80 4 30
4. LEGAL APPLICANT/RECIPIENT		5. FEDERAL EMPLOYER IDENTIFICATION NO.		6. PRO-GRAM	
a. Applicant Name : City of Fort Wayne b. Organization Unit : Fort Wayne Redevelopment Commission c. Street/P.O. Box : One Main Street d. City : Fort Wayne e. State : Indiana f. Contact Person (Name & telephone No.) : Robert Turk : 219/423-7564		35-600-1029 a. NUMBER : 14 • 2211 b. TITLE : Urban Development Action Grant		a. NUMBER : 14 • 2211 b. TITLE : Urban Development Action Grant	
7. TITLE AND DESCRIPTION OF APPLICANT'S PROJECT		8. TYPE OF APPLICANT/RECIPIENT		9. TYPE OF ASSISTANCE	
Urban Development Action Grant: Raddison-Fort Wayne Hotel - The project involves the provision of secondary financing which will result in the development of a 351 unit Downtown hotel which will be integrated with the Fort Wayne Civic Center. The primary project emphasis is on the revitalization of the center city core and expansion of the local employment base.		A-Site B-Intermediate C-Substate D-District E-City F-School District G-Special Purpose H-Community Action Agency I-Higher Educational Institution J-Indian Tribe K-Other (Specify):		A-Basic Grant B-Supplemental Grant C-Loan D-Insurance E-Other Enter appropriate letter(s)	
10. AREA OF PROJECT IMPACT (Name of cities, counties, States, etc.)		11. ESTIMATED NUMBER OF PERSONS BENEFITING		12. TYPE OF APPLICATION	
City of Fort Wayne		200,000		A-New B-Renewal C-Revision D-Continuation E-Augmentation Enter appropriate letter	
13. PROPOSED FUNDING		14. CONGRESSIONAL DISTRICTS OF:		15. TYPE OF CHANGE (For 1st or 1st)	
a. FEDERAL \$ 4,000,000.00 b. APPLICANT .00 c. STATE .00 d. LOCAL .00 e. OTHER 19,150,000.00 f. TOTAL \$ 23,150,000.00		a. APPLICANT b. PROJECT 16. PROJECT START DATE Year month day 19 80 4 30 17. PROJECT DURATION Months 18. ESTIMATED DATE TO BE SUBMITTED TO FEDERAL AGENCY Year month day 19 80 4 30		A-Increase Dollars B-Decrease Dollars C-Increase Duration D-Decrease Duration E-Cancellation F-Other (Specify): N/A Enter appropriate letter(s)	
20. FEDERAL AGENCY TO RECEIVE REQUEST (Name, City, State, ZIP code)		21. REMARKS ADDED		22. THE APPLICANT CERTIFIES THAT	
Dept. of Housing & Urban Development, Indianapolis, Ind. 46207		<input type="checkbox"/> Yes <input type="checkbox"/> No (1) State Planning Services Agency (2) N.E. Indiana Regional Coordination Council (3)		a. To the best of my knowledge and belief, data in this pre-application/initialization are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is approved. b. If required by OMB Circular A-95 this application was submitted, pursuant to a. No instructions therein, to appropriate clearinghouses and all responses are attached: spouse Response attached	
23. TYPED NAME AND TITLE		24. AGENCY NAME		25. ORGANIZATIONAL UNIT	
Winfield C. Moses, Jr., Mayor		26. SIGNATURE		27. ADMINISTRATIVE OFFICE	
28. FEDERAL AGENCY A-95 OFFICIAL (Name and telephone no.)		29. ADDRESS		30. FEDERAL GRANT IDENTIFICATION	
31. ACTION TAKEN		32. FUNDING		33. ACTION DATE	
<input type="checkbox"/> a. AWARDED <input type="checkbox"/> b. REFLECTED <input type="checkbox"/> c. RETURNED FOR AMENDMENT <input type="checkbox"/> d. DEFERRED <input type="checkbox"/> e. WITHDRAWN		a. FEDERAL \$.00 b. APPLICANT .00 c. STATE .00 d. LOCAL .00 e. OTHER .00 f. TOTAL \$.00		Year month day 19 80 4 30 34. STARTING DATE Year month day 19 80 4 30 35. CONTACT FOR ADDITIONAL INFORMATION (Name and telephone number) 36. ENDING DATE Year month day 19 80 4 30 37. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No	
38. FEDERAL AGENCY A-95 ACTION		39. IN taking above action, any comments received from clearinghouses were considered. If agency response is due under provisions of Part 1, OMB Circular A-95, it has been or is being made.		40. FEDERAL AGENCY A-95 OFFICIAL (Name and telephone no.)	

1 BILL NO. _____

2
3 RESOLUTION NO. _____

4 A RESOLUTION authorizing the filing
5 of an application for Urban Development
6 Action Grant funds for the Civic Center
7 Hotel Project

8 WHEREAS, the overall economic development plan
9 has been developed for Allen County by an economic
10 development task force, and—

11 WHEREAS, the overall economic development plan
12 identifies the importance of revitalizing downtown Fort
13 Wayne, and

14 WHEREAS, the City's Community Development Plan
15 also identifies the needs to revitalize the downtown area,
16 and

17 WHEREAS, the Housing and Urban Development Act of
18 1977 makes available Urban Development Action Grants to
19 certain cities for economic revitalization, and

20 WHEREAS, the City of Fort Wayne has been found
21 eligible by the Department of Housing and Urban Development
22 to apply for such an Urban Development Action Grant, and

23 WHEREAS, it has been determined that the construction
24 of a hotel in the Civic Center Urban Renewal Project will aid
25 in the revitalization of the downtown area, and

26 WHEREAS, of the cost of such hotel, up to \$4,000,000,
27 can be funded by a grant as aforesaid, if properly and duly
28 applied for.

29 NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL
30 OF THE CITY OF FORT WAYNE, INDIANA:

31 SECTION 1. That an application for
32 Urban Development Action
33 Grant funds in the amount
34 of up to \$4,000,000, to be
35 used for a portion of the
36 construction costs of a
37 hotel in the Civic Center
38 Urban Renewal Project, is
39 hereby approved.

40 SECTION 2. That the Mayor is hereby
41 authorized to execute and
42 submit said application to
43 the Department of Housing
44 and Urban Development.

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Councilman

Part II.
Description of Proposed Project

Part II. Section A.

Brief Summary of Project and its Participants

SECTION A - Brief Summary of Project and its Participants

The Radisson - Fort Wayne Hotel Project is intended to stimulate, as well as retain the investment and jobs of business as in the Downtown area and in concert with the civic center to become the focal point of business and civic activity in the City of Fort Wayne. The area of the City targeted for this program is the center city section of Ft. Wayne.

In order to implement this project, the City intends to utilize the following public organizations:

Fort Wayne Redevelopment Commission

Fort Wayne Economic Development Commission

The Fort Wayne Redevelopment Commission has functioned as agent of the City in its first successful UDAG project, the Civic Center Parking Garage, and its second UDAG project, the HWI Office Project, and will again be the key participant in the operations which comprise this project. The operations and the participants in each operation are described below.

Development of the Radisson - Fort Wayne Hotel

This transaction is the main component of the project. The transaction proposes the acquisition of 1.006 acres of land from the Fort Wayne Redevelopment Commission, for use by Hotel Associates of Fort Wayne for the construction of a new 243,000 sq. ft., 351 room

hotel facility to be integrated into the Fort Wayne Civic Center as a single functioning entity.

The hotel is to be placed along Calhoun Street which is the east side of the block and the civic center is to be placed along Harrison Street, the west side of the block. An interior pedestrian circulation mall, which separates the civic center from the hotel, runs diagonally from the northeast corner to the southwest corner of the building. This pedestrian mall connects with a second level skyway to complete a link to the parking ramp on the east and on the new Summit Square Office Building. The pedestrian skyway also crosses Jefferson south to the proposed conservatory and Embassy Theater Restoration.

The hotel and civic center are, integrated by the hotel public spaces, such as lobby, restaurants and bar. The hotel tower and the civic center building hold the public activity between them. This area will provide a lively, festive space for people to meet and interact. It is an interior, climate-controlled courtyard along the skyway pedestrian mall.

The first floor, ground level, of the civic center contains the exhibit hall, ballroom (9,600 people, divisible by 2 or 3), kitchen

and service entrance for both the hotel and civic center. Also on this level is the pre-function lobby which serves the exhibit hall and ballroom and can be secured to operate independently from the hotel. The first floor of the hotel contains a coffee shop (175), specialty restaurant (175), lobby bar (75), main lobby, front desk, administration and retail shops. The second floor of the civic center contains a mix of large and small meeting rooms. Each floor above the lobby of the hotel, contains 27 guest rooms in the 14 story tower.

Based upon current calculations of the work force requirements, 335 new jobs will be created by the project. As the site is located in the heart of the City, it is well served by public transportation, thereby affording easy access to work for any potential employee, as well as, guests of the hotel.

The Fort Wayne Redevelopment Commission will supply the land, develop the civic center and provide technical staff assistance for the project. It is estimated that the costs of acquisition, building construction, fixtures and equipment, and other costs for this transaction will be \$23,150,000. The project will be financed by a first mortgage issued by the Lincoln National Life Insurance Company and secured, by a lien on the property. The developers are supplying an equity contribution of \$5,150,000 to the project. It is proposed that \$4,000,000 in UDAG funds be passed through the City to the Fort Wayne Economic Development

Commission. These funds will provide a \$4,000,000, 8% interest rate, 40 year, level payment loan with no payments or accruals over the first five years and secured by a second mortgage on the property. The return on this financing will be used for future business development activities. This transaction will generate 335 new full time jobs with an annual payroll value of \$_____.

In summary, the UDAG funds requested would be utilized as follows:

Hotel Development Financing	\$ 4,000,000
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The private investment generated by the project would be:

New Hotel Development (Equity & financing)	\$19,150,000
Discounted value of UDAG Financing (68.9%)	2,756,000
	<hr/>
Total Private Investment Generated	\$21,906,000

Overall project leveraging ratio is 5.47 to 1.

Part II. Section B.
Detailed Project Description

SECTION B - Detailed Project Description

1. Statement of Problems and Objectives

a. Problems Identified

In April, 1977, an Economic Development Task Force was formed for the purpose of preparing the Allen County Overall Economic Development Program (OEDP). The City of Fort Wayne's Department of Community Development and Planning served as primary staff for the Task Force. The OEDP Committee issued its Overall Economic Development Program for Allen County in November 1977 and updated in June 1979.

The OEDP considers Allen County and the City of Fort Wayne, which in 1970 comprised 63% of the county population, as inseparable economically. In its historical assessment of the area, the OEDP acknowledged the importance of Ft. Wayne's business activity.

Fort Wayne suffers from the problems of population out-migration. According to the Economic and Demographic Data Book (prepared for the City of Fort Wayne in May 1972 pursuant to a Community Renewal Grant under Sec. 405 of the Housing Act of 1959), the City suffered a loss of 5,377 white persons in the age bracket 30-44 during the period 1961 through 1970 and a loss during the same period of 4,697 white children in the 0-9 age

bracket. At the same time, the white elderly population 65 years and older increased by 2,611 people and the non-white population increased by 6,941.

The Community Development Plan for Fort Wayne prepared by the City's Department of Community Development and Planning, February 1978 (submitted separately) states "... recent data from the Bureau of the Census indicates that between 1970 and 1975 4,600 people, or 1.7% of the total population emigrated from the County. This contrasts with an in-migration of 20,493 persons between 1960 and 1970."

The Department of Community Development and Planning has calculated Fort Wayne's migration rates by race for the 1960 to 1970 period. (see Table 1)

TABLE 1: Fort Wayne Population, Components of Change

<u>Race</u>	<u>Number of Births</u>	<u>Number of Deaths</u>	<u>Expected Natural Increase</u>	<u>Actual Increase</u>	<u>In- Migra- tion</u>	<u>Out- Migra- tion</u>
White	35,655	16,127	19,538	8,206		11,332
Black & Other Races	<u>5,027</u>	<u>1,175</u>	<u>3,852</u>	<u>7,689</u>	<u>3,815</u>	<u> </u>
TOTAL	40,692	17,280	23,390	15,895	3,815	11,332

Net Out-migration for this period was 7,571.

During the 1960-1970 period, the City annexed 14,063 persons. These people were from primarily white, middle and upper middle income areas. Table 2 shows population change, and migration figures that are adjusted for the annexation of approximately 14,000 people

TABLE 2: Fort Wayne Population, In-Migration and Out-Migration by Race

<u>Race</u>	<u>Adjusted Increase</u>	<u>Adjusted In-Migration</u>	<u>Adjusted Out-Migration</u>
White	- 5,794		25,332
Black & Other Races	<u>7,689</u>	<u>3,837</u>	<u> </u>
TOTAL	1,895	3,837	25,332

The adjusted net out-migration for the 1960 to 1970 period was 21,495 or 13.2% of the City's 1960 population.

To stem this out migration tide, it is important that the City have an economic development program and an overall community development program that enhances all aspects of the city's social, environmental and economic structure. An aggressive combination of government action and private investment is central to deal with the problem. The urban development action program of the city is geared to accomplish that combined effort. The following is a brief summary of the economic trends facing Fort Wayne:

1. There has been an out-migration of people from the Fort Wayne S.M.S.A. since 1970. Poor economic opportunities are usually the reason for migration from an area.
2. The number of people in the S.M.S.A.'s labor force has been stagnant since 1974. A stagnant or a declining labor force is not characteristic of a healthy economy regardless of the area's unemployment rate.
3. The region is heavily dependent on the manufacture of durable goods. These industries provide relatively high wages but are very sensitive to fluctuations in the national economy. The people of the S.M.S.A. felt the effects of this in 1975 when the unemployment rate averaged 9.7%.

4. The productivity of the County's workers, in terms of \$ Value Added per man hour, is above the national average, but the wages that they are paid more than offsets this advantage. This will lead to future problems as industries try to remain competitive and workers try to maintain their standard of living.
5. The intra-county migration of higher income families to the County's suburban areas has left some sections of the County in a depressed condition. The City of Fort Wayne is probably the area that has been most seriously affected. As a result of this intra-migration, the City's residents are, on the average older, poorer, and less well educated than the residents in the remainder of the Country. In considering this disparity, it is important to remember that when the economy of an area turns down, the people who are hurt the most are those who are relatively older, poorer, and less educated.
6. Since 1963, the retail sector of Fort Wayne's central business district has declined leaving behind vacant store fronts and a generally deteriorated area.

In evaluating these trends, it must be recognized that Allen County is an Older, heavily industrialized manufacturing center. Like many Northeastern and Midwestern centers, Allen County has a relatively well paid unionized work force, a high percentage of older multi-storied factories, and problems with natural gas supply. In recent years, the economies of many such centers have experienced serious economic declines.

Fort Wayne, being the heart of Allen County, with the oldest physical plant, will experience any economic downturn to a greater degree than the balance of the County.

b. Objectives to be Achieved

c. Strategy for Meeting Objectives

The program strategies of the city have evolved out of three basic goals: (1) the maintenance and expansion of the city's tax base, (2) the expansion of job opportunities for area residents, and (3) the revitalization of the core of the inner city, its neighborhoods and its central business district. The goals and their associated strategies are discussed below.

GOAL 1: MAINTENANCE AND EXPANSION OF THE TAX BASE

Despite a myriad of federal and state programs that channel money into local budgets, the area remains dependent on the property tax for over fifty percent of its revenue. As a result of this dependence, any decline in the tax base will adversely affect the area's ability to provide police and fire protection, utilities, roads, etc. Without these and other services, development activities will be seriously hampered. Thus, the maintenance and expansion of the tax base is a prime goal.

The strategies for achieving this goal are as follows:

(a) REVITALIZATION OF INNER CITY NEIGHBORHOODS

This can be accomplished by encouraging commercial, industrial and residential investment in the inner city neighborhoods through the use of zoning, code enforcement, and capital improvement projects.

(b) REVITALIZATION OF THE CENTRAL BUSINESS DISTRICT

The major element of this strategy is the implementation of the Fort Wayne Redevelopment Commission's Downtown Plan. By investing in public projects, the City aims to stimulate private invest-

ment in the downtown. The Redevelopment Commission's Downtown Plan is moving into the implementation phase and several private investors are publicly committed to the major downtown projects. There is a critical need to reverse the trend of outmigration of business from the central city (particularly the CBD) to the fringe areas.

(c) DEVELOPMENT WITHIN URBAN SERVICE AREAS

The County should promote development on sites located within service areas of the municipalities within it. The County and local governments can influence such development through a coordinated approach to the capital improvements upon which development depends. Furthermore, by promoting development on sites that already have the basic services, the cost of new extensions of services could be minimized.

GOAL 2: EXPANSION OF JOB OPPORTUNITIES FOR AREA RESIDENTS

The economic well being of an area is invariably tied to the number and quality of jobs held by its residents. Reductions in job opportunities lead to reductions in the quality of life. Thus, the goals of increasing job

opportunities for its residents is a logical one. In pursuit of this goal, there are several strategies:

(a) MAINTAIN EXISTING EMPLOYMENT BASE

Maintenance of existing employment base means that the government will use its influence to persuade firms to remain and expand in this area. Admittedly the public sector's powers of persuasion are somewhat limited. Nevertheless, there are steps that local government can take in the fields of zoning, public facilities and industrial revenue bonds that might encourage firms to remain in the area.

(b) IMPROVEMENT OF JOB OPPORTUNITIES FOR LOW INCOME RESIDENTS

Improvement of job opportunities for low income residents should be approached in two ways. First local governments, through the CETA programs, should continue to provide training opportunities for low income residents. Second, the public sector should use its influence to insure that jobs are located in areas that are readily accessible to low income residents.

(c) RECRUITMENT OF INDUSTRIES FROM OTHER AREAS

Regardless of the efforts placed on maintaining the existing industrial base, there is bound to be some loss of local firms because of changing economic conditions. To offset this anticipated loss and to keep pace with the natural growth in the labor force, efforts must be made to encourage non-local firms to locate in the city & County.

(d) UPGRADING THE SKILLS OF THE LOCAL LABOR FORCE

Because of changes both in technology and the structure of the economy, the demand for different types of skills is constantly changing. The impact of these changes are felt by all segments of the work force. The County should encourage the maintenance, expansion, and coordination of programs designed to improve the capabilities of the work force. Such programs run the gamut from CETA training programs to vocational education to graduate college programs.

GOAL 3: REVITALIZATION OF INNER CITY CORE NEIGHBORHOODS

Improving the living conditions of the city's lower income and minority residents, stabilizing and reversing the decline of the inner core and removing incipient

blighting conditions, and re-creating a healthy downtown core are important to the overall benefit of the community. The strategies associated with such a goal are:

(a) REDEVELOPMENT ACTIVITIES

Redevelopment activities should apply to small areas in residential neighborhoods, where deterioration has been so extensive that rehabilitation is not feasible, as well as to larger scale undertakings to revitalize the CBD.

(b) NEIGHBORHOOD ECONOMIC DEVELOPMENT

Neighborhood businesses should be given access to technical assistance and financial resources through the Small Business Administration or the Economic Development Administration to revitalize neighborhood commercial strips, starting neighborhood businesses and recycling existing commercial facilities.

(c) DOWNTOWN REVITALIZATION

Downtown revitalization is intended to restore the CBD as the office, service, entertainment, cultural and general activity core of the city, and as a retail and employment resource for the adjacent residential neighborhoods. Resources such as the Urban

Development Action Grant Program should be considered to provide a public stimulus for substantial private development in the CBD.

The program described herein is consistent with the city's community development program. A goal is to stabilize the city and make it more attractive to live so as to change the patterns of out-migration which threaten to sap the vitality of the city. Development, redevelopment and reinvestment in Fort Wayne meets the goals of stabilizing nearby residential neighborhoods. It also offers the opportunity for new job opportunities in an area which is within easy reach of lower income and minority group persons.

The overall program for Fort Wayne including the proposed project is inter-related carefully to provide a balanced effort aimed at attracting private investment, stimulating investment in restoration of deteriorated neighborhoods and solving critical problems resulting from population outmigration.

The Urban Development Action Grant project described in this application is a continuation of the action

program for revitalization of the city in general and the Downtown Revitalization Program in particular.

This project meets the "unique opportunity" situation contemplated in the UDAG enabling legislation by providing resources not available elsewhere to create a positive growth situation for the community. This project also addresses current national concerns over energy consumption by placing the building and the job opportunities it represents central to the work force. Public transportation serves the site making it easy to reach for employers.

d. Need for Assistance

The City of Fort Wayne is a distressed City meeting the criteria of the UDAG Program. The City does not have the financial capabilities to implement the comprehensive economic development strategy which is necessary to solve identified problems. Municipalities in Indiana have been under a State imposed property tax freeze for almost a decade which severely hinders raising funds through bond issues, particularly in this inflationary economy. The City of Fort Wayne does

receive Community Development block grant assistance under the entitlement provisions of the Act which is exclusively focused on inner city neighborhood improvements. The City has utilized every form of local assistance it has at its disposal such as redevelopment bonds, redevelopment capital funds, general revenue sharing, light lease funds, and hotel room tax to fund components of this Project. The missing element to achieve a successful project is the UDAG grant requested by this application.

Evidence of the distress of the City of Fort Wayne is contained in the following documents:

1. Overall Economic Development Program for Allen County, November 1977;
2. A Community Development Plan for Fort Wayne including an Economic Development Strategy, March, 1979;
3. Applications for an Urban Development Action Grant, April, 1978 and January, 1980.
4. Application for Fifth Year Community Development Block Grant Program, March, 1979.

PART II

SECTION B - Detailed Project Description

2. OEDP Conformance

The Allen County "redevelopment area" has an approved OEDP which was prepared in November, 1977. The City of Fort Wayne Department of Community Development and Planning served as primary staff to the Task Force which prepared the OEDP. The OEDP considers Allen County and the City of Fort Wayne, which in 1970 comprised 63% of the county population, as inseparable economically. The project proposed in this application is consistent with the OEDP. A letter from the Allen County Economic Development Task Force confirming this consistency is attached hereto as Exhibit 1.

The Task Force examines potential projects utilizing the following criteria:

- a. The ability of the project to create or stimulate private sector jobs.
- b. Projects for which no other source of funding is presently available.
- c. The project's ability to leverage private investment.

- d. The project's conformance with the OEDP's development strategies.

The proposed project meets each of the four criteria and is the number one program priority of the Overall Economic Development Plan.

3. Project Feasibility Analysis

Due to the nature of this project, extensive market and feasibility studies have been prepared by the City. The initial feasibility study was prepared by Laventhol & Horwath in August 1978 for the proposed convention center and hotel. Projected revenue and expenses statements and cash flow projections were made in October 1978 and an opinion rendered on March 5, 1980 as to the current status of the project. These feasibility studies have been presented to the proposed first mortgagor and are included as Exhibit 2. With the provision of the secondary financing from UDAG, the project is feasible and will accrue significant benefits in the form of a significant increase in CBD activity, of increased employment, property taxes generated and the achievement of the primary CBD revitalization goal.

4. Developers and Other Parties

- a. The primary development entity for this project is Hotel Associates of Fort Wayne, an Indiana limited partnership composed of Appletree Enterprises, Inc. and Capital Realty Investment, Inc. as general partners and limited partners composed of individual investors, Lincoln National Life Insurance Company and the Radisson Hotel Corporation. The development expertise is found in Appletree Enterprises, Inc., which is a diversified real estate development and management company, through a division called Landmark. Appletree Enterprises is an Ellerbe Company. Landmark will function as the developer and general managing partner of this project.

The developer has recent comparable experience in projects similar to Fort Wayne where a hotel-civic center project is being used as a catalyst for CBD - urban core revitalization. Also the financing model for the Fort Wayne project is based on the developers past projects.

The developer proposes to secure a conventional first mortgage on the hotel project with secondary financing to be provided by a UDAG grant. Project equity will be secured from local and other investors. The developer has used this financing format in Flint, Michigan, Lynchburg, Virginia and is pursuing a project in Lansing,

Michigan, and feels that is a workable pattern.

Previous recent project financing is as follows:

1. Lexington, Kentucky - (hotel opened April 1977)

This project was financed with a conventional first mortgage placed by Northwestern Mutual Life Insurance Company of Milwaukee, and project equity from partners for the balance of funds totalling approximately \$16,000,000.

2. Flint, Michigan - (ground breaking occurred

November, 1979) A total project budget of \$30,000,000 was financed with a \$12,000,000 first mortgage from Northwestern Mutual Life Insurance Company, a UDAG grant of \$6,000,000, a grant from the Mott Foundation of \$6,000,000 and partnership equities of \$6,000,000.

3. Lynchburg, Virginia - (UDAG approved October 18, 1979)

The hotel portion of this project was financed by a \$10,000,000 tax-exempt bond issue placed by Wheat, First Securities of Richmond, Virginia, a portion of the City's UDAG grant totaling \$650,000, an additional subordinated debt from local banks in the amount

of \$1,650,000, and partnership equities totalling \$3,500,000.

4. Lansing, Michigan - UDAG grant application under consideration by HUD.

A description of Appletree Enterprises, Inc. and the Ellerbe Company is attached as Exhibit 3.

- b. Other private parties involved in the project and their roles are as follows:

Lincoln National Life Insurance Co.	-	1st mortgagor and limited partner
Capital Realty Investment, Inc.	-	General partner, provision of limited partnership interests
Radisson Hotel Corp.	-	Limited partner, operator of hotel and civic center

A description of each of the above parties, its background, history and development record is attached as Exhibit 4.

- c. Several parties in this transaction serve more than one function. The developer remains a general partner in the ownership structure for the realty and functions as managing partner. The prime lender, Lincoln National Life, will also be a limited partner by supplying equity.

The Radisson Hotel Corporation, the hotel operator, will supply equity and be a limited partner. To further clarify the roles of the parties the following ownership structure of Hotel Associates of Fort Wayne is offered.

RADISSON-FORT WAYNE HOTEL PROJECT

OWNERSHIP STRUCTURE

GENERAL PARTNERS

Appletree Enterprises, Inc.	50%	Crimark of Fort Wayne, Inc.	1.0%	Hotel Associates of Fort Wayne
Capital Realty Investment, Inc.	50%			
Appletree Enterprises, Inc.	100%	Landmark of Fort Wayne, Inc.	3.9%	
Capital Realty Investment, Inc.	100%	CRHC of Fort Wayne, Inc.	.1%	

LIMITED PARTNERS

Individual Investors	100%	Capital Income Properties # XV	47.5%	\$2,500,000
Lincoln National Life	100%	Lincoln National Corp.	19.0%	\$1,000,000
		Local Investor	19.0%	\$1,000,000
		Radisson Hotel Corp.	9.5%	\$500,000

- d. The primary lease in this transaction is between the developer and Radisson Hotel Corporation. The hotel operating agreement is attached as Exhibit 5.

No elected officials, city employees or their families are a party to any transaction in the project.

The cost of staff to implement and complete the investment program is not included as private investment in computing the leverage ratio.

The City of Fort Wayne through its Redevelopment Commission has a vested interest in the realization of this project. An improved Central Business District (CBD) in Fort Wayne coupled with concentrating activity and therefore purchasing power within the City, will have an advantageous impact upon the City and thereby insure the continuous stream of income to enhance the economic viability of the community. As the Redevelopment Commission is the public agent charged with stimulating the economic development of the City of Fort Wayne and in particular the CBD, the benefits described are the realization of its objective.

5. Consultants

Consultants will be utilized in the implementation of this project in several capacities. Site improvements will require engineering services to design, prepare construction

documents and bid specifications and supervise construction. The hotel will require mechanical, architectural, engineering services to design the new facilities. Compensation for these services will be based upon applicable professional fee schedule as negotiated between the parties.

6. Primary Project Description

a. Project and Transaction Description

Hotel Associates of Fort Wayne proposes to develop the Radisson-Fort Wayne Hotel in the City Center Urban Renewal Project located in City of Fort Wayne, Indiana. The developer proposes to construct a 243,000 sq. ft., 351 room hotel facility on 43,820 sq. ft. parcel of land which will be integrated with the Fort Wayne Civic Center being developed on the same block into a single functioning entity.

The hotel is to be placed along Calhoun Street which is the east side of the block and the civic center is to be placed along Harrison Street, the west side of the block. An interior pedestrian circulation mall, which separates the civic center from the hotel, runs diagonally from the northeast corner to the southwest corner of the building. This pedestrian mall connects with a second level skyway

to complete a link to the parking ramp on the east and on to the new Summit Square Office Building. The pedestrian skyway also crosses Jefferson south to the proposed observatory and Embassy Theater Restoration.

The north side of the block along Washington Street is entirely devoted to a front entrance to Fort Wayne Civic Center, hereby creating a strong visual identity and auto drop-off. The south side of the block, along Jefferson Street, is entirely devoted to the Civic Center Hotel and provides its auto drop-off and identity. The east side of the block, along Calhoun Street, is devoted to pedestrian traffic and provides easy access from the sidewalk to all parts of the civic center complex. The west side of the block, along Harrison Street, provides service and truck access to the entire complex.

The hotel and civic center are, integrated by the hotel public spaces, such as lobby, restaurants and bar. The hotel tower and the civic center building hold the public activity between them. The area will provide a lively, festive space for people to meet and interact. It is an interior, climate-controlled courtyard along the skyway pedestrian mall.

The first floor, ground level, of the civic center contains the exhibit hall, ballroom (9,600 people, divisible by 2 or 3), kitchen and service entrance for both the hotel and civic center. Also on this level is the pre-function lobby which serves the exhibit hall and ballroom and can be secured to operate independently from the hotel. The first floor of the hotel contains a coffee shop (175), specialty restaurant (175), lobby bar (75), main lobby, front desk, administration and retail shops. The second floor of the civic center contains a mix of large and small meeting rooms. Large meeting room (one at 200 people divisible by 2); medium meeting rooms (five at 75 people divisible by 2); small meeting rooms (two at 30 people; two at 15 people). Each floor above the lobby of the hotel, contains 27 guest rooms in the 14 story tower.

Based upon current calculations of the work force requirements 335 new jobs will be created by the project. As the site is located in the heart of the City, it is well served by public transportation, thereby affording easy access to work for any potential employee, as well as, guests of the hotel.

The Fort Wayne Redevelopment Commission will supply the land, develop the civic center and provide technical staff

assistance for the project. It is estimated that the costs of acquisition, building construction, fixtures and equipment, and other costs for this transaction will be \$23,150,000. The project will be financed by \$14 million mortgage issued by the Lincoln National Life Insurance Company and secured, by a lien on the property. The developers are supplying an equity contribution of \$5,150,000 to the project. It is proposed that \$4,000,000 in UDAG funds be passed through the City to the Fort Wayne Economic Development Commission. These funds will provide a \$4,000,000, 8% interest rate, 40 year, level payment loan, with no payments or accruals over the first five years unless a predetermined cash flow is achieved. The return on this financing will be used for future business development activities.

The hotel facility is a key element to the realization of the revitalization of the Central Business District of Fort Wayne. The City through its Redevelopment Commission prepared and adopted a plan for CBD revitalization and created the City Center Urban Renewal Project in October, 1977 to implement the plan in a four and one-half block area. The creation of a hotel/civic center complex is a primary element to the revitalization strategy. Over \$84.5 million has been committed or pledged to the

revitalization of the City Center Project of which 74% is private investment. Some of the major investments in addition to the hotel being made or pledged include:

Summit Square Tower - \$34.5 million - under construction

Civic Center - \$6.5 million - under design

City Center Urban Renewal Project - \$6.3 million -
underway

1st Phase Parking Garage 465 spaces - \$2.5 million -
under construction

2nd Phase Parking Garage 650 spaces - \$3.5 million -
fundraising

Plant Conservatory - \$4 million - working drawings

Embassy Theater Restoration

The above projects both support and draw support from the proposed hotel project. The hotel/civic center will function as the catalyst for the individual efforts by tying the projects together and providing a focal point for the activity of the area.

The ownership structure of Hotel Associates of Fort Wayne has been provided in Section B4c of this Part. The developer, Appletree Enterprises, Inc. will through a subsidiary company, be a general partner in the ownership of Hotel Associates and retain management control. Radisson Hotel Corporation, a limited partner, will operate the hotel

facility as well as through a separate agreement with the City will operate the Civic Center facility.

The Fort Wayne Economic Development Commission will lend \$4,000,000 to the Project from the proceeds of this Urban Development Action Grant ("UDAG"). The UDAG grant will be recycled for future use within the community by the proceeds from the loan. The loan would be subject and subordinate to the lien granted to the holders of the first mortgage.

Hotel Associates of Fort Wayne will commit \$5,150,000 or 22.2% of gross project costs as developer equity into the project.

Utilization of the Fort Wayne Economic Development Commission as the vehicle in financing, assures the Project of maximum community support. The community will gain from the jobs created, the taxes generated and the accessibility of a significant employer by the public transit system which will lower fuel consumption and broaden the employment base of the Downtown. The pay back of the UDAG note will provide the City with a source of economic development funds.

b. Site Information

The property to accommodate the development is a 43,820 sq. ft. parcel located on Calhoun Street which has been assembled by the Redevelopment Commission and is defined on the Project Property and Site Plan Map attached as Exhibit 6. The site is part of a larger 116,180 sq. ft. parcel which will house the Fort Wayne Convention Center. The block is bounded by Washington Street on the north, Calhoun on the east, Jefferson on the south and Harrison on the west. Hotel Associates will purchase the site from the Redevelopment Commission who owns the parcel. The Disposition Agreement which defines the terms upon which the site is to be purchased is attached as Exhibit 7a.

The following additional descriptions of the site are provided:

Locality Map Exhibit 7b

Project Location Map Exhibit 7c

Aerial Photographs Exhibit 7d

The project is served by the existing street system and all utilities are currently available at the site and are of adequate capacity to service the hotel.

Preliminary site plan, floor plans, elevations and a rendering is provided in Exhibit 6.

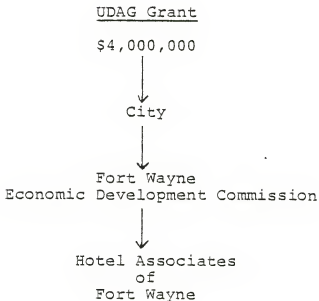
c. Property Information

Hotel Associates of Fort Wayne, Inc. will acquire the 43,820 sq. ft. parcel from the Fort Wayne Redevelopment Commission for \$48,000. The site is currently raw land that has been prepared by the Redevelopment Commission for development. The site is currently zoned for B-3A use or Central Business District zone which permits the proposed use. The acquisition cost per square foot for the land is \$1.10 per square foot (\$48,000/43,560 sq. ft.). Further conveyance information is contained in the disposition agreement submitted as Exhibit 7a.

d. Administration

The City of Fort Wayne is the applicant for this project. It will assign implementation responsibility to the Fort Wayne Redevelopment Commission (FWRC) which will utilize the staff of the Commission to carry out the project functions. FWRC will have responsibility for overall project management and compliance with HUD requirements. This organizational arrangement is the same as that employed in the first UDAG Project (Grant #78-AA-18-0004) in Fort Wayne as well as the second project the HWI Project. The Fort Wayne Economic Development Commission will be

utilized to make the financing available to Hotel Associates. The grant funds will be channeled as follows:



FWEDC will assign the note to Redevelopment Commission who will undertake additional economic development activities with the recaptured funds.

e. Necessity of Action Grant

The implementation of this project is contingent upon receipt of public funding and use of public powers. The private party has indicated in their agreement with the City that their investment is contingent upon certain public actions. These public actions are contingent upon the availability of financial resources which

the City of Fort Wayne can find no other source than the UDAG program. Therefore, it is the opinion of the City of Fort Wayne that this project will not proceed unless an action grant or comparable funding is received.

7. Project Financing

a. Sources and Uses of Funds for Proposed Project

See UDAG Form 1 attached as Exhibit 8.

b. Estimated Leverage Ratio

See UDAG Form 2 attached as Exhibit 9.

c. Evidence of Developer and Private Investor Commitments and Related Information

(1) Documentation

Attached as Exhibit 10 are the series of letters from the developer, principal lender and equity investors as documentation of their commitment to making investments in this project contingent upon award of an Action Grant. The disposition agreement between the Redevelopment Commission and Appletree Enterprise details the mutual representations and obligations of the parties. The following letters are provided::

Appletree Enterprises, Inc. - Exhibit 10a

Lincoln National Life Insurance Co. -
Exhibit 10b

Capital Realty Investments, Inc. - Exhibit 10c

Radisson Hotel Corp. - Exhibit 10d

(2) Financial Statement

Attached as Exhibit 1 is the latest annual financial statement of the developers and investors. These statements are requested to be held in confidence by the receiving agencies.

(3) Loan Applications

To be submitted at a later date as a separate appendix to this application.

(4) Recapture

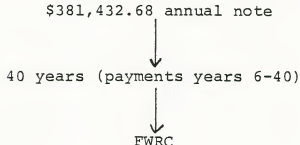
The recapture provisions of this project are substantial. The project proposes to utilize \$4,000,000 of grant funds to provide secondary financing for the project in exchange for a note. The recapture provisions are summarized as follows:

Financing to be provided to Hotel Associates of Fort Wayne -- \$4,000,000 as a loan payable

over 40 years at 8% interest (\$381,432.68 per annum) payable semi-annually. Payments will not be due for the first five years unless the cash flow generated by the project exceeds a predetermined level which presently under negotiation. This note will be assigned by FWEDC to the Redevelopment Commission for use in economic development activities in Fort Wayne.

Recapture Cash Flow

Hotel Associates of Fort Wayne



Annual note payment \$381,432.68
x 35 yrs. = \$13,350,144

Total Recapture = \$13,350,144

Funds realized through repayment will be employed for future development activities in Fort Wayne by the Fort Wayne Redevelopment Commission.

Recognizing that the health of Fort Wayne is vital to the overall success of the City's rehabilitation efforts in the Central City, on December 14, 1976 the Fort Wayne City Council approved by Resolution the first stage Concept Plan of a Downtown Revitalization Program.

This project, created through an intensive six-month planning and citizen participation effort, establishes a number of priority projects which will trigger and stimulate the private investments needed to secure the future of downtown Fort Wayne. It is towards these projects that the recapture funds will be employed.

The City's current focus of Community Development Grant activity is on neighborhood preservation in several areas surrounding downtown. Three of the six "target neighborhoods" are immediately adjacent to the Central Business District. If Downtown is allowed to continue to deteriorate the investment made in these areas will be jeopardized.

The increased activity in downtown as a result of the proposed projects will be of direct economic benefit to low-income residents of Fort Wayne. Several hundred new jobs will be created through the completion of the first stage plan.

A revitalization downtown will better serve the needs of Fort Wayne's elderly and low-income residents. These citizens, who depend upon public transportation, will find downtown a more attractive and accessible shopping area for their needs. A specific project is not being identified at this time because recapture funds will not flow until 1988 and the funds should be utilized toward the project which presents the greatest opportunity of job creation at that time.

- d. Evidence of Commitments from Private Lenders
Refer to the letter of the Lincoln National Life Insurance Co. contained in Exhibit 10b. Other information on the financing will be submitted with the supplementary materials to be filed with this application.

- e. Other Public Financial Assistance
(1) Funding Information

See UDAG Form 3 attached as Exhibit 12.

(2) Debt Securities

Not applicable.

(3) Evidence of Commitments

No public entities other than those previously identified are to participate in this project.

f. Additional Funds

The applicant has utilized all other means of financing available to fund supporting elements of the Downtown Revitalization Program and upon research has determined that the only feasible means to undertake this particular project is through securing a UDAG Grant.

8. Project Schedule

a. Timetable

b. Approval Schedule

The approval actions anticipated for this project are as follows:

(1) Administrative Building Council - building permit - issued 2 to 3 weeks after filing of working drawings and specifications.

(2) State Fire Marshall - building permit - issued 4 to 6 weeks after filing of working drawings and specifications

Items 1 and 2 will be submitted and processed simultaneously.

TIME SCHEDULE

EXHIBIT 1

OEDP TASK FORCE

MARKET AREA ANALYSIS
AND FINANCIAL PROJECTIONS
FOR A PROPOSED CONVENTION CENTER AND HOTEL
IN
FORT WAYNE, INDIANA

AUGUST 1978

LAVENTHOL & HORWATH

Certified Public Accountants

Part II, Section B3
Exhibit 2

LAVENTHOL & HORWATH



CERTIFIED PUBLIC ACCOUNTANTS

111 EAST WACKER DRIVE
CHICAGO, IL 60601
(312) 644-4570

A MEMBER OF
HORWATH & HORWATH INTERNATIONAL
WITH AFFILIATED OFFICES WORLDWIDE

Fort Wayne/Allen County Convention
and Tourism Authority and the
Fort Wayne Redevelopment Commission
One Main Street
City/County Building
Fort Wayne, Indiana 46802

This report, entitled "Market Area Analysis and Financial Projections for a Proposed Convention Center and Hotel in Fort Wayne, Indiana", has been prepared pursuant to our contract dated April 25, 1978. The report consists of the following: a survey of a site and surrounding area as to their suitability for the development of a convention center and hotel; an analysis of the convention and transient lodging market in Fort Wayne, the state of Indiana and other nearby states; an analysis of Fort Wayne's market potential as it pertains to a convention and hotel facility; an evaluation of existing convention, hotel and meeting facilities to determine utilization patterns; recommendation of the size and type of facilities that will accommodate the needs of the convention and lodging market now and in the foreseeable future; and, based on these studies and on estimates and assumptions discussed in this report, development of financial projections for the proposed project.

The scope of our work is described in the attached report and includes, among other factors, the following: a discussion of the demand for the proposed facilities with representatives of government, commerce and industry; a review of available demographic data and commercial and industrial growth statistics of the Fort Wayne area; and a survey and analysis of existing and planned convention, meeting and lodging facilities as they pertain to the proposed project.

In accordance with the terms of our engagement, we ascertained neither the impact of energy shortages nor the legal and regulatory requirements applicable to this project, including zoning, other state and local government regulations, permits and licenses. Furthermore, no effort was made to determine the possible effect on this project of present or future federal, state or local legislation relating to environmental or ecological matters or interpretations thereof.

The report is based on estimates, assumptions and other information developed from research of the market, knowledge of the industry and meetings with city representatives during which we were provided certain information. The sources of information and bases of estimates and assumptions are stated herein. The terms of our engagement are such that we have no obligation to revise this report or the projected financial results to reflect events or conditions which occur subsequent to August 4, 1978. However, we are available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

Since the report and financial projections are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.

You have informed us that you intend to include our report in an offering circular for the purpose of soliciting investments in your project. You have further advised us that it is intended that the securities will be issued by a state or public instrumentality of a state and therefore will be exempt from the registration and prospectus-delivery requirements of the Securities Act of 1933. You have further informed us that you will retain legal counsel experienced in such offerings to guide you in this offering.

You have agreed that, before our report is released for distribution to investors, your legal counsel will furnish us with an opinion to the effect that the offering will be exempt from the registration provisions of the Securities Act of 1933, and that you are adopting and following appropriate procedures to assure compliance with that rule. The letter will also indicate the nature and extent of any filing and review requirements of applicable state authorities.

All proofs of offering material must be submitted to us for approval prior to reproduction or publication.

Leventhal & Horwath

August 4, 1978

MARKET AREA ANALYSIS AND FINANCIAL PROJECTIONS
FOR A PROPOSED CONVENTION CENTER AND HOTEL

IN
FORT WAYNE, INDIANA
AUGUST 1978

LETTER OF TRANSMITTAL

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MARKET AREA ANALYSIS AND FINANCIAL PROJECTIONS
FOR A PROPOSED CONVENTION CENTER AND HOTEL

IN
FORT WAYNE, INDIANA
AUGUST 1978

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(Continued)

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INTRODUCTION

PURPOSE AND SCOPE

Laventhol & Horwath has been engaged to study the convention, meeting and transient lodging market in connection with a proposed convention center and hotel in Fort Wayne, Indiana. The scope of our work includes, but has not been limited to, the following procedures:

- A survey of the site and surrounding area as regards their suitability for the development of a convention center and hotel.
- An analysis of the general economic environment of the Fort Wayne area as it pertains to the meeting, convention and transient lodging market.
- An analysis of the meeting and convention market in Indiana and other nearby states and the transient lodging market in Fort Wayne.
- An evaluation of existing convention, meeting and hotel facilities in Indiana and other states to determine patterns of utilization.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

As a result of our analysis, we have reached the following major conclusions with regard to the proposed convention center and hotel:

General

- Most of the key economic indicators in the Fort Wayne area have exhibited growth in recent years, and this trend is expected to continue.

Convention Center

- The present supply of meeting facilities is composed of three categories: convention center, hotels and local meeting facilities. There are presently five major public meeting facilities in the state:

Indiana Convention and Exposition
Center (Indianapolis)

Indiana State Fairgrounds (Indianapolis)

Century Center (South Bend)

Vanderburgh Auditorium and Convention
Center (Evansville)

Memorial Coliseum (Fort Wayne)

A proposed new facility, not yet known to
be a certainty.

- A recommendation of the size and type of facilities that will accommodate the needs of the market now and in the foreseeable future.
- The preparation of projections of operating revenues and expenses for the first five years of operation for the proposed convention center and hotel, utilizing inflated dollars.

The results of these procedures are discussed in the following sections of this report.

- Present potential meeting demand is estimated as follows:

<u>Market segment</u>	<u>Number of events</u>	<u>Attendance</u>
State associations	317	118,000
National/regional associations	1,282	521,000
Corporate meetings	7,463	328,344
Local events	2,256	309,000

- The above demand is expected to increase as follows:

<u>Market segment</u>	<u>Projected annual growth</u>
State associations	5.0%
National/regional associations	6.0
Corporate meetings	3.5
Local events	2.0%

- The site of the proposed center is located in downtown Fort Wayne. The scheduled demolition of certain obsolete downtown buildings, as well as the city's urban renewal program, will aid in making the proposed site suitable for the proposed facilities.
- We recommend 25,000 square feet of exhibit space and approximately 20,000 square feet of ancillary meeting rooms. There should also be included office and storage areas, as detailed in this report.
- Stabilized market penetrations for the proposed facility are projected as follows:

<u>Market segment</u>	<u>Penetration</u>
State associations	5.5%
National/regional associations	.4
Corporate meetings	1.8
Local events	10.7%

- The anticipated utilization of the proposed convention center is projected as follows:

<u>Year of operation</u>	<u>Projected level of utilization</u>	
	<u>Event-days</u>	<u>Attendance</u>
First	755	53,000
Second	804	55,000
Third	829	57,000
Fourth	851	58,000
Fifth	873	59,000

- Financial projections based on the above utilization and stated in inflated dollars are as follows:

	<u>Fiscal year of operation</u>				
	<u>First (1981)</u>	<u>Second (1982)</u>	<u>Third (1983)</u>	<u>Fourth (1984)</u>	<u>Fifth (1985)</u>
Allen County lodging tax revenue	\$427,000	\$470,000	\$ 540,000	\$ 594,000	\$ 654,000
Rent revenue	281,000	323,000	359,000	398,000	441,000
Total revenue	813,000	917,000	1,041,000	1,152,000	1,276,000
Projected excess revenue over expenses before fixed charges	\$395,000	\$460,000	\$ 539,000	\$ 603,000	\$ 675,000

The comments and assumptions contained in this report are an integral part of these financial projections.

Hotel Development

- There are presently eight lodging facilities in the area which would be considered to be competitive with the proposed hotel. These properties, located both in the city and in the suburbs, offer a total of approximately 1,105 rooms.
- Proposed additions to this market are as follows:

<u>Property</u>	<u>Estimated number of guest rooms</u>	<u>Nature</u>
Marriott Inn	100	Addition
Holiday Inn	60	Addition*
Sheraton	210	Reopening
Hilton Inn	40	Addition
Lee's Inn	150	New facility

* Presently under construction

A probability of development was assigned to each project, because of the uncertainty associated with them. Accordingly, our analysis of the future supply considered only the number of future rooms which were projected from this analysis.

- The present annual demand for the eight competitive properties is shown below:

<u>Market segment</u>	<u>Room-nights</u>
Commercial	196,000
Group	77,500
Tourist	26,400
Contract*	7,700

* This segment of the market would not be penetrated by the proposed hotel.

- Estimated growth rates for the three segments capable of being penetrated by the proposed property are as follows:

<u>Market segment</u>	<u>Estimated annual growth</u>
Commercial	3%
Group	5%
Tourist	3%

- The site is suitable for the development of a hotel facility.
- The specific facilities and amenities which are recommended are as follows:

Guest rooms - 350

	<u>Seats</u>
Fine-dining restaurant	100-125
Theme restaurant	175-200
Coffee shop	150-175
Theme/entertainment lounge	150-175
Intimate/businesspeople's lounge	75-100
Lobby bar	50 - 75
Indoor swimming pool	
Free guest parking.	
Affiliation with a convention-oriented national chain	

- The proposed convention center would constitute the hotel's in-house meeting facilities.
- Stabilized market penetrations for the proposed facility were estimated by market segment as follows:

<u>Market segment</u>	<u>Penetration</u>
Commercial	15.9%
Group	22.9%
Tourist	12.9%

- The anticipated utilization of the proposed hotel is estimated as follows:

<u>Year of operation</u>	<u>Occupancy</u>
First	55%
Second	60
Third	64
Fourth	66
Fifth	69%

- A summary of projected financial factors, stated in inflated dollars, is presented below:

	<u>Year of operation</u>				
	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>	<u>Fifth</u>
Average rate	\$39.80	\$43.50	\$47.50	\$51.60	\$56.00
Room sales	\$2,796,000	\$3,334,000	\$3,884,000	\$4,351,000	\$4,936,000
Food and beverage sales	2,267,000	2,672,000	3,108,000	3,494,000	3,966,000
Total revenue	5,245,000	6,223,000	7,244,000	8,128,000	9,223,000
Income before fixed charges	\$ 956,000	\$1,275,000	\$1,592,000	\$1,824,000	\$2,139,000

The comments and assumptions contained in this report are an integral part of these financial projections.

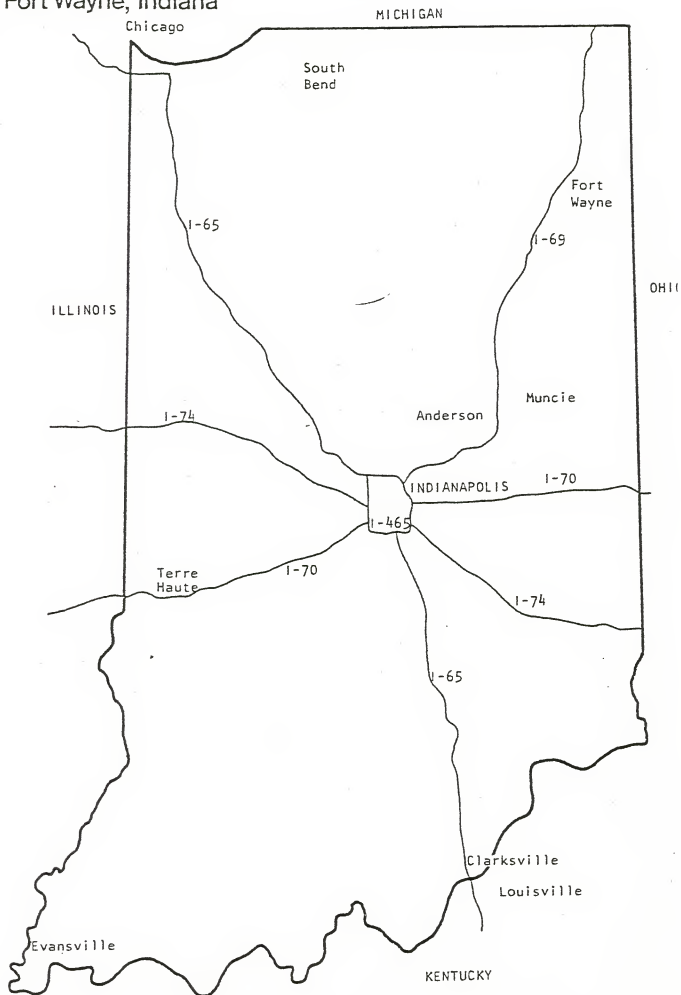
MARKET AREA ANALYSIS

GENERAL

In this section, we analyze certain relevant characteristics of the Fort Wayne area to provide an overview of the market in relation to the following economic indicators.

- Location
- Population
- Income
- Employment
- Retail sales activity
- Office space development
- Convention activity
- Transportation
- Educational facilities
- Area development
- Area attractions

Proposed Convention Center and Hotel Fort Wayne, Indiana



The historical and projected trends exhibited by these indicators provide insight into the future demand for convention, meeting and lodging facilities in the area.

LOCATION

The city of Fort Wayne is located in Allen County, Indiana, which lies about 120 miles northeast of Indianapolis. This location is shown on the map on the facing page.

POPULATION

Historical population data for the city of Fort Wayne, Allen County and the state of Indiana are presented in the following table:

	<u>Population</u>		<u>Average annual percentage increase</u>
	<u>1970</u>	<u>1976</u>	
Fort Wayne	177,700	189,200	1.1%
Allen County	280,400	308,000	1.6%
Indiana	5,193,700	5,302,000	.3%

Source: U. S. Census, Allen County Plan Commission.

The populations of both the city and the county have been growing at a rate greater than that for the state as a whole.

INCOME

Median household income data for Fort Wayne, Allen County, the four-county SMSA* and Indiana are as follows:

	Median household income (1977 constant dollars)		Average annual percentage increase
	1972	1977	
Fort Wayne	\$13,300	\$15,800	3.8%
Allen County	14,100	17,600	5.0
SMSA*	13,800	17,300	5.1
Indiana	\$12,600	\$15,900	5.2%

* Standard Metropolitan Statistical Area: includes Adams, Allen, DeKalb and Wells counties.

Source: Sales & Marketing Management magazine, Survey of Buying Power, 1973 and 1978.

Median household incomes in both Allen County and the Fort Wayne SMSA have greater absolute values than that of the state. However, the state's median income growth rate slightly exceeds that of the aforementioned areas.

EMPLOYMENT

Data on hourly and salaried employment in the Fort Wayne SMSA are shown in the following table:

	Average number of employees ¹		Average annual percentage change
	1972	1976	
Total employment	149,700	155,700	1.0%
Manufacturing:	57,400	55,600	(.8)
Durable	46,100	44,800	(.7)
Non-durable	11,300	10,800	(1.1)
Non-manufacturing:	92,200	101,100	2.1
Contract construction	6,400	6,100	(1.2)
Transportation, communication and utilities	9,500	10,000	1.3
Trade	33,500	36,500	2.2
Financial, insurance and real estate	7,200	8,800	5.6
Mining, service and miscellaneous	20,200	23,300	3.8%
Government	15,400	15,400	-

1. Columns do not total because of rounding.

Source: Indiana Employment Security Division.

As the above data indicate, most of the Fort Wayne area's work force is concentrated in the non-manufacturing employment sector. While this sector has experienced an overall annual growth of 2.1% between 1972 and 1976, employment in manufacturing has demonstrated an average annual decline of .8%.

Accordingly, Fort Wayne can be classified as a service-oriented community.

Industrial Areas

Greater Fort Wayne has a number of industrial clusters inside its boundaries. The heaviest concentration of such activity lies just east of the city's Central Business District (CBD). This cluster houses most of the industries that were first established in Fort Wayne. Employers such as International Harvester, with over 9,000 employees, are located in this sector.

Designated industrial parks are also prevalent in the community. Some of the major ones are these:

- Interstate Industrial Park is the largest designated industrial park in the community. It is situated north of the CBD, at the junction of U. S. 30, Indiana 3 and I-69. Interstate contains approximately 216 companies, which occupy about 2,400,000 square feet of enclosed space. Major tenants at this park are listed below:

<u>Tenant</u>	<u>Estimated square feet of occupied space</u>
Food Marketing Corporation	650,000
Magnavox Company	370,000
Seyfort Foods, Inc.	215,000

- Lincoln Industrial Park is located adjacent to I-69, just north of the Indiana 14 interchange. It contains an estimated 900,000 square feet of occupied enclosed space. Major tenants include Lincoln Manufacturing Co., Inc., which accounts for nearly 270,000 square feet of occupied space, and Allen Products, which utilizes an estimated 160,000 square feet of space.

- Spv Run Industrial Park, located on Ardmore Avenue north of Lower Huntington Road, contains nearly 230,000 square feet of space for use by the tenant companies. Hipskind Asphalt Corporation and Eric-Haven Incorporated are among the facility's largest tenants.

Other major designated industrial areas in the Fort Wayne vicinity include Engle Ridge, Edgewood and Earth Industrial parks. A number of smaller industrial sites are located throughout the community.

RETAIL SALES ACTIVITY

Retail sales data are presented below for the city of Fort Wayne, Allen County, the Fort Wayne SMSA and the state:

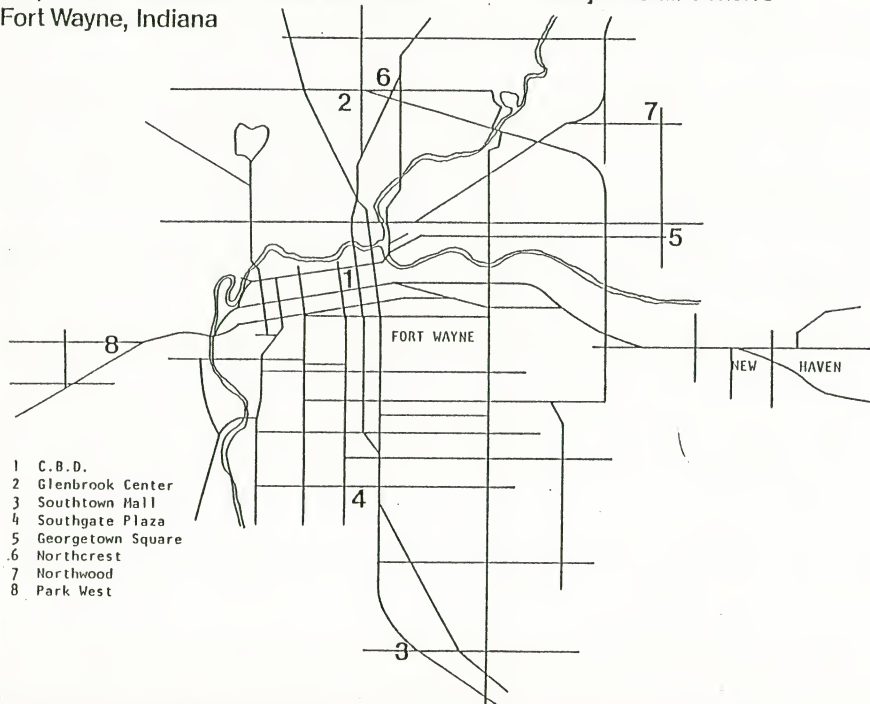
	Total retail sales (000's of 1977 constant dollars)		Average annual percentage increase
	1972	1977	
Fort Wayne	\$ 812,100	\$ 993,400	4.5%
Allen County	967,300	1,177,100	4.3
Fort Wayne SMSA	1,177,400	1,378,600	3.4
Indiana	\$16,670,200	\$18,742,100	2.5%

Source: Sales & Marketing Management magazine, Survey of Buying Power, 1973 and 1978.

Retail sales in the community of Fort Wayne have grown at a rate greater than that of the state. It should be noted that retail sales in the city itself have demonstrated the greatest relative growth among the areas analyzed.

Proposed Convention Center and Hotel Fort Wayne, Indiana

Major Retail Centers



Source: Golden Zone Market Report, 1977-1978 edition.

It should be noted that negotiations have begun between officials of Glenbrook Center and the J. L. Hudson Company regarding the possible establishment of a Hudson's store at the center.

OFFICE SPACE DEVELOPMENT

Transient lodging facilities must consider patterns of office-space development, since they typically benefit from the commercial room demand generated by such development, and since hotel food and beverage facilities receive a portion of office-building luncheon and evening dinner demand.

There are approximately 2,400,000 square feet of office space in the Fort Wayne CBD. City officials have stated that nearly 96% of this space is presently occupied. The major portion of vacant space downtown is housed in the Metro Building, which is in a bankruptcy proceeding.

A listing is shown below of some of the CBD's major office buildings and their major tenants:

<u>Building</u>	<u>Square feet</u>	<u>Major tenants</u>
Lincoln National Life Insurance 1301 S. Harrison	500,000	Lincoln National Insurance
City/County Building One Main Street	196,000	Governmental offices
Fort Wayne National Bank 110 E. Berry St.	191,000	Bank/Central Soya (corporate office)
Lincoln National Bank and I&M Electric 116 E. Berry	178,000	Bank/Electric utility
Lincoln National Life Insurance 1302 S. Calhoun	148,000	Lincoln National Life Insurance

<u>Building</u>	<u>Square feet</u>	<u>Major tenants</u>
Metro Building 202 E. Berry	132,000*	Law firms, employment agency, realty
Court House 715 S. Calhoun	135,000	Governmental offices
Commerce Building 127 E. Berry	112,000	Coil Corp., insurance companies, law firms

* Of the 132,000 square feet of space in the Metro building, about 30,000 are occupied.

Source: Fort Wayne Redevelopment Commission.

CONVENTION ACTIVITY

Attendance at both conventions and meetings, as reported to the Fort Wayne Convention and Visitors' Bureau, has grown at an average annual rate of 5.1% since 1970, as shown below:

	<u>1970</u>	<u>1977</u>	<u>Average annual percentage increase</u>
Conventions	77	209	24.5%
Delegates	44,200	60,000	5.1%

Source: Fort Wayne Convention and Visitors' Bureau.

Conventions meeting in the city are presently using either hotel/motel meeting facilities or a number of public meeting accommodations. These facilities will be described in detail in the Supply and Demand Analysis section of this report.

TRANSPORTATIONAirport Activity

Commercial air service to the area is provided by Baer Field, which lies eight miles south of the CBD. Recent activity at this facility has been as follows:

<u>Year</u>	<u>Total passenger movements</u>
1970	330,831
1971	331,724
1972	367,328
1973	390,408
1974	425,381
1975	397,467
1976	459,699
1977	508,435

Source: Allen County Board of Aviation.

Passenger movements have been growing at an average annual rate of 7.7%.

Renovation is taking place at Baer Field. Presently under way is a \$3 million resurfacing project and an addition of ten "T" hangars, the total cost of which approximates \$150,000.

Highway Traffic

Most travelers journey to the Fort Wayne area via motor vehicle. Major transportation corridors in the area include Interstate 69 and U. S. 30. I-69 is a major north-south route connecting central Michigan with Indianapolis. U. S. 30 is an east-west route extending from Pennsylvania to Fort Wayne and points west.

Historical traffic movement data for major intersections in the area are shown in the following table:

<u>Intersection</u>	<u>Average daily traffic count</u>				<u>Average annual percentage increase</u>
	<u>1972</u>	<u>1974</u>	<u>1975</u>	<u>1977</u>	
I-69 at S.R. 3	20,700		20,800		0.2%
S.R. 3 at I-69	18,200		20,050		3.4
I-69 at S.R. 14	20,200		24,700		7.4
I-14 at I-69	9,700		10,200		4.8
Washington east of Ewing, eastbound		18,331		21,226	3.2
Jefferson east of Ewing, westbound		18,167		18,975	1.5%

Source: Indiana Department of Transportation.

I-69 presently bypasses the city of Fort Wayne at the western border. County officials have stated that a probability exists for the construction of an eastern bypass of the city. If the project is approved, the time frame for building this corridor would approximate between eight and ten years.

It is likely that if this route is opened, industries seeking locations in Fort Wayne would be attracted to areas surrounding the proposed eastern bypass. Therefore, construction of the proposed roadway could be a significant factor affecting the location of future industrial growth.

EDUCATIONAL FACILITIES

Six colleges and universities and seven vocational schools are located in Allen County. Approximately 14,000 students attend these institutions of higher learning.

Although these facilities are not considered major sources of lodging demand in Fort Wayne, they do attract out-of-town visitors to meetings, seminars and other activities, such as commencements.

AREA DEVELOPMENTS

Central Business District

Fort Wayne has been undertaking urban renewal projects in its CBD. Moreover, additional projects are being proposed in order to aid in the revitalization of the area. Shown below is a list of some of those proposed projects, as well as some for which construction has already started:

- U. S. Post Office building
- Summit Square Peoples Trust/I&M Building
- Semi-mall and sidewalk beautification
- Proposed parking garages
- Proposed botanical gardens
- Senior citizens' housing complex

The above renewal projects are just a few of the many new developments planned for downtown Fort Wayne.

In addition, the city of Fort Wayne has an annual budget of \$2.6 million for revitalizing urban housing. The money will be distributed to residents in the form of full grants, grant-loan combinations or full loans. City officials have stated that this program will result in less urban out-migration as well as increased development of the city's remaining vacant land.

Metropolitan Fort Wayne

The following are important new construction projects for the rest of metropolitan Fort Wayne:

- The North American Van Lines World Headquarters Complex was recently completed. The 170,000-square-foot, one-story structure is located on 114 acres on U. S. 30 west, at Kroemer Road.
- International Harvester is constructing a 130,000-square-foot computer center. The project is estimated to cost nearly \$13 million. Harvester has recently completed a 68,000-square-foot addition to its warehouse.
- Central Soya, Inc., is constructing a food research laboratory on Lima Road. This will also be the site of Soya's administrative offices for engineering, technical and food research. The completed complex will have a total of four buildings utilizing an estimated 86,000 square feet of space.

Along with the previously-mentioned companies, other area industries are also increasing their available space. Some of these expansions are stated as follows:

	<u>Square feet</u>	<u>Use</u>
B. F. Goodrich	330,000	Warehouse
Food Marketing Corporation	240,000	Warehouse
Perfection Biscuit Co.	42,000	Manufacturing
Thermtron Products	46,000	Warehouse

AREA ATTRACTIONS

Visitors to the community of Fort Wayne seek various local attractions, the most noteworthy of which are described below:

- Three River Festival - This community event lasts for approximately nine days during the month of July. Amusements, entertainment and athletic events provide a continuous flow of activities to both members of the community and visitors to it.
- Other Festivals - These include the Johnny Appleseed Festival, the Memorial Festival and the Auburn-Cord-Duesenberg Festival. Such activities constitute year-round attractions to the greater Fort Wayne area.
- Historic Fort Wayne - Situated immediately north of the city's CBD is the reconstructed complex of this historic fort, originally built in 1794. The fort is composed of eleven log buildings and two block-houses. Crafts, military drills and other activities are presented to tourists by the costumed personnel who garrison the fort, which is open from mid-April through October.
- Parks in Fort Wayne - Parks provide the community with over 1,400 acres of outdoor activity, including boating. The city's park system includes 16 major parks and ten minor ones.

SUMMARY

Key economic indicators in greater Fort Wayne have demonstrated growth in recent years. Urban renewal efforts are evident in the Fort Wayne CBD. Most of the community's office space is located in the CBD and is presently enjoying high levels of utilization. Growth has occurred in the number of retail establishments in the greater Fort Wayne area, while the number of retail outlets in the CBD has been declining.

Attendance activity at conventions has historically grown at an average rate of 5.1% annually.

While not noted as a major tourist destination, Fort Wayne offers a number of activities and events capable of attracting non-local visitors.

All of the favorable economic factors presented in this section of the report combine to form the basis for a projection of increasing demand for transient lodging facilities in the CBD.

SUPPLY AND DEMAND ANALYSIS - CONVENTION CENTER

GENERAL

This part of the report relates the present and projected supply of convention/meeting facilities to the demand for them.

MARKET ORIENTATION

In the following paragraphs, the market segmentation of the proposed center is described as it relates to the demand for convention/meeting facilities, arising from the types of groups that would be attracted to the subject facility.

For purposes of this study, the convention/meeting market includes groups of people gathering together to attend association meetings, conventions, exhibits, shows, training sessions, sales meetings and corporate meetings. These groups can be classified into three major categories: association, corporate and local. Associations can be further classified into two major sub-categories: state and national/regional. These major segments of the market are described more fully as follows:

- State associations are groups organized primarily according to the special interests common to the members, the vast majority of whom live or work within the state of Indiana. These interests cover a wide range of subjects, and consequently, these groups do not necessarily relate to commercial or industrial activities. Typically, each state association holds one major convention and several smaller meetings each year. Decisions regarding convention and meeting sites may be made by the executive director of the association or by a specially-designated individual or committee. The most important criteria are these: a location easily accessible by automobile; membership support for the site; and close contact with the operators of the facility to be utilized. In general, these groups always convene within the state of Indiana.
- National/regional associations are also groups organized according to the special interests which the members hold in common. However, the members are drawn from more than one state; typically, they encompass a multi-state region or even the entire nation. Like state associations, each regional or national association is likely to hold a major convention and several smaller meetings each year. The major criteria used in selecting the site for the convention include the following: adequate hotel facilities; central, accessible location; membership in the area; and meeting rooms and exhibit space available. However, outside of facilities as a whole, no factor is given a clear priority. In general, these associations are not as restricted as are state associations in selecting a meeting or convention site.
- Corporate groups are generally related to the commercial or industrial activities of a single firm. Corporations are likely to hold a number of meetings each year, for a variety of purposes, such as the following: sales meetings, management meetings, training seminars, trade show participation, and professional/technical meetings. In general, these meetings tend to be smaller than those held by associations, and they are generally confined to workdays. The most important factors considered in selecting a site include the following: price/cost; central, accessible location; good accommodations and facilities; easy transportation; and convenience. Corporate groups are most likely to meet either near their places of business or in a resort location.

- Local groups are organizations located in Fort Wayne which from time to time require meeting or exhibit space. These groups may be either formal or informal, but they do not include corporate groups. The types of events held by this segment include the following: banquets, awards programs, local conferences, exhibits, consumer shows, etc. By definition, these groups are almost exclusively restricted to the Fort Wayne area. However, the not-for-profit status of most of these groups requires that they be more price-sensitive than are corporations and associations.

The proposed convention center would appeal in varying degrees to each of the above segments of the market; this is attributable to the differences among these segments in meeting-site determinants. The success of the subject property would depend upon the degree to which it could optimize its overall attraction to all of these segments.

PRESENT SUPPLY

There are three main categories within the existing supply of convention/meeting facilities. These are convention centers, hotels and local meeting space. They represent a diverse group, differing by location, age, size type of facilities, quality of amenities and pricing structures. Consequently, not all would be equally competitive with the proposed facility for all market segments. However, taken together they do constitute the total supply of convention/meeting facilities. Each of the categories is discussed in detail below.

Public Convention Centers

The facilities most similar to the one proposed may be categorized as convention centers. The table below depicts pertinent statistics regarding the major convention centers in Indiana. These facilities are publicly owned, and in each case, they represent the major entry of a city into the convention market.

<u>Facility</u>	<u>Main Hall exhibit space (square feet)</u>	<u>Number of additional meeting rooms</u>	<u>Arena seating</u>	<u>Auditorium seating</u>
Indiana Convention and Exposition Center	124,000	38	None	None
Century Center	25,000	14	None	718
Vanderburgh Auditorium and Convention Center	13,000	5	None	2,000
Indiana State Fairgrounds	82,000	N/A	8,000	1,000
Memorial Coliseum	50,000	None	10,000	None

More detailed descriptions of these centers are as follows:

- Indiana Convention and Exposition Center - Located in downtown Indianapolis, this facility lies adjacent to the 500-room Hyatt Regency Hotel. It is the largest convention center in Indiana, and as such, it competes in both the national and state markets. Accordingly, this facility seeks to attract major national, regional and state conventions. During 1977, utilization of this facility was reported to have totaled 442 events, with an attendance of approximately 687,000 people.

Meeting facilities at the center include a 124,000-square-foot convention and exhibit hall, 38 meeting rooms, a full-service kitchen and designated receiving, storage, public and function areas. Officials at this facility are presently contemplating expansion.

- Century Center - Opened in November 1977, it is the newest addition to the convention-center market in Indiana. The facility is located in downtown South Bend along the banks of the St. Joseph River. This complex contains a number of interrelated facilities: a convention hall, a 600-seat performing arts center, a museum and an art gallery. Century Center's convention area houses approximately 25,000 square feet of exhibit space and 14 meeting rooms, including three banks of meeting rooms which can be divided into 11 separate areas. The major drawback of this facility is the present lack of a major hotel located close to it. However, plans to develop such a hotel are

being considered. This facility would be able to penetrate the convention market to a greater degree if such a lodging facility were to be constructed.

- Vanderburgh Auditorium and Convention Center -

Located in the Evansville CBD, the facility contains a 2,000-seat auditorium, a 13,000-square-foot convention hall and five meeting rooms. The center experiences an estimated utilization of 200 event-days per year. Nearly 70% of this utilization is attributed to local events and only 15% to conventions. Most of the remaining utilization is accounted for by religious organizations.

Adjacent to Vanderburgh Center is the Executive Inn, which offers approximately 400 first-class guest rooms. Its presence is advantageous to the Center in that it can provide lodging accommodations for the Center's patrons. However, since the Inn itself contains an ample amount of in-house meeting facilities, it also competes with the Center for some convention business.

- Indiana State Fairgrounds - Located on East 38th Street in Indianapolis, this facility has two racetracks, seven stages, six auditoriums, a grandstand, 26 barns and nine exhibit halls. Its main exhibit hall contains 82,000 square feet of space. The facility is used only to a limited degree for trade shows and hardly at all for conventions. Accordingly, it would be only somewhat competitive with the proposed convention center.

- Memorial Coliseum - This 26-year-old facility is located in Fort Wayne, north of the CBD. Its arena contains 25,000 square feet of floor space and 7,250 permanent and 2,750 portable seats, while its exhibit hall has 50,000 square feet of floor space. In 1977, the Coliseum was utilized for approximately 200 event-days. Much of its utilization has been of the "event" or "performance" type. For example, the Fort Wayne Komets, a professional hockey team, holds its games at the facility. Concerts and a variety of other entertainment events are also held at this property. Utilization for conventions and meetings is limited, for several reasons. These include the lack of an adjacent hotel, the lack of an adequate number of meeting rooms, and the inflexibility caused by large numbers of pillars in the exhibition area.

PRESENT SUPPLY OF MAJOR PRIVATE
AND HOTEL MEETING FACILITIES

<u>Private facility</u>	<u>Location</u>	<u>Seating capacity of largest meeting room</u>
Kentuckiana Convention and Sports Center - Marriott Inn	Clarksville	2,700
Notre Dame Athletic and Convocation Center	South Bend	6,800
French Lick	French Lick	1,200
Hyatt Regency	Indianapolis	1,100
Executive Inn	Evansville	1,500
Imperial Inn	Fort Wayne	600
Holiday Inn-East	Indianapolis	1,200
Hilton-Downtown	Indianapolis	1,200
Holiday Inn	Merrillville	1,000
Sheraton-West	Indianapolis	700
Marriott Inn	Indianapolis	750
Holiday Inn	Lafayette	600
Holiday Inn	Valparaiso	800
Hilton-Airport	Indianapolis	700
Holiday Inn	Elkhart	700
Marriott Inn	Fort Wayne	450

Private Facilities/Hotels

There are several privately-funded convention centers and numerous hotels with substantial meeting space; these thereby constitute another segment of the supply of convention/meeting facilities. They are shown on the chart on the facing page. For the most part, the hotel/motel meeting facilities are more limited than are those of the convention centers previously discussed. As a result, the groups utilizing these facilities tend to represent the smaller association and corporate meetings.

In addition to the facilities shown here, many hotels and motels with smaller amounts of meeting space also participate to a limited degree in the group market.

Local Meeting Space

There are several facilities in the Fort Wayne area which provide some form of public meeting space. Major facilities of this type are described below:

- Memorial Coliseum - This facility, containing approximately 75,000 square feet of floor space as well as seating for up to 10,000 people, was described earlier in this report. However, it should be noted that while many local functions are held here each year, only a limited number of banquets is accommodated.
- Scottish Rite - This facility is located in the Fort Wayne CBD. It can accommodate as many as 1,500 people for a banquet and up to 2,000 for a reception. This facility would only be partially competitive with the proposed center, since no liquor is permitted on the premises.
- Chamber of Commerce Building - Also located in Fort Wayne's CBD, its main hall can accommodate up to 300 people for banquets.

- National Guard Armory - Located north of downtown Fort Wayne, it contains a number of small meeting rooms as well as a large room capable of accommodating 350 people at a banquet. Here too, no liquor is permitted, thus hampering its ability to capture the local banquet market.
- Performing Arts Center (PAC) - The PAC is also located in downtown Fort Wayne. It contains 750 seats in its auditorium and can accommodate approximately 100 people at a banquet.
- Lodging facilities - Those containing substantial meeting space include the Imperial House, Marriott Inn, the Hospitality Inn, the Holiday Inn, the Ramada Inn and the Hilton Inn.
- Restaurants and banquet halls - Those utilized for local meetings include the Lantern, Zoli's Chalet, Heritage House and Chaucer's Inn, plus numerous other local food-service facilities.

FUTURE SUPPLY

There are several proposed additions to the supply of convention/meeting facilities. These are described below:

- South Bend - A first-class hotel has been proposed for South Bend, Indiana. Its prospective site is adjacent to the Century Center convention facility. However, at this time no firm commitment has been made to develop this project.
- Evansville - This would be the site of two major hotels proposed by different groups. It is unlikely that more than one such project would be viable. No definite construction plans have yet been formulated.
- Gary - The city officials of Gary, Indiana, are considering the construction of a convention center in the city's downtown area. Funds are presently being sought for the proposed facility.

Because of the varying degrees of uncertainty associated with the construction of these projects, an appropriately weighted probability factor was assigned to each of the possible developments.

Accordingly, the total cumulative probabilities derived from this procedure were then considered in our analysis of future supply.

PRESENT DEMAND

Present demand was estimated by market segment and by type of use, according to interviews with convention bureaus and convention-center managers, accumulated research data on the industry, such as the SM/Data Bank, and our knowledge of convention and meeting patterns. We estimate the present convention/meeting demand to be as follows:

<u>Market segment</u>	<u>Number of events</u>	<u>Attendance</u>
State associations	317	118,000
National/regional associations	1,282	521,000
Corporate meetings	7,463	328,000
Local events	2,257	309,000

The above demand constitutes that which is available to the proposed convention center.

FUTURE DEMAND

The future demand for convention/meeting facilities is a function of present demand and of growth rates. Each of the four market segments examined should continue to have a positive rate of growth. From the trends of the economic indicators, as presented in the Market Area Analysis section of this report, and from their impact on demand for conventions and meetings, we estimated average growth rates by market segment for the term of our projections. These rates are as follows:

<u>Market segment</u>	<u>Projected annual growth</u>
State associations	5.0%
National/regional associations	6.0
Corporate meetings	3.5
Local groups	2.0%

The convention/meeting demand in a future year included within the term of our projections can be calculated by applying the above rates of growth to the present demand.

SITE ANALYSIS - CONVENTION CENTER

The site of the proposed convention center is in the Fort Wayne CBD. It is bounded by Washington and Jefferson streets to the north and south, respectively, and by Calhoun and Harrison Streets to the east and west. Directly across from the site is the Embassy Theater, which is presently undergoing restoration. The theater and its facilities could become an integral part of the center complex if an enclosed, climate-controlled walkway were to link the two structures. Furthermore, surrounding the Embassy Theater is the site for a proposed botanical garden; this would provide another attraction for convention and meeting attendees.

The site is about the size of a city block. There are presently several buildings on it; these would be removed to allow for construction. In addition to the convention center, a 350-room hotel is also planned for the site. A major parking facility would be located across from the complex, on Calhoun Street. Again, an enclosed walkway is recommended between the two facilities.

The visibility of the site from the immediate area is adequate, and it would be improved by the development of the proposed facilities. Accessibility to the site is also adequate, once the facility's patrons reach the downtown area.

Surrounding parcels of land include the city's major retail area, a well-preserved cathedral and a great deal of office space, the largest concentration of which is in the Lincoln Life Office Complex, located within three blocks of the site.

Overall, the site is adequately suited to the proposed development.

FACILITIES RECOMMENDATIONS - CONVENTION CENTER

On the basis of our analyses of the site, the market area and the supply and demand characteristics, we present the following recommendations of facilities.

In general, these facilities must be large enough to house the majority of state conventions and to compete effectively with similar buildings in other cities. Specifically, we recommend the following configuration:

- Main Hall would be the single largest space in the facility. It would be used as the primary exhibit area, or it would be adaptable to serve as the major meeting and banquet room. The Main Hall should have the following major attributes:
 - It should have 25,000 square feet.
 - It should have varying ceiling heights to better meet the needs of the market.

MARKET AREA ANALYSIS
AND FINANCIAL PROJECTIONS
FOR A PROPOSED CONVENTION CENTER AND HOTEL
FORT WAYNE, INDIANA
AUGUST 1978

EXISTING FACILITIES REQUIRING IMPROVEMENT, BASED ON 125 RESPONSES¹

Item	Number of <u>recommendations</u>	Percentage of total <u>recommendations</u>	Percentage of <u>respondents</u>
Convention services	39	15.9%	31.2%
Audiovisual/sound systems	30	12.2	24.0
Large meeting rooms	24	9.8	19.2
Small meeting rooms	19	7.8	15.2
Lower prices	14	5.7	11.2
Improved registration	13	5.3	10.4
Soundproofing	12	4.9	9.6
Better food service	9	3.7	7.2
More accessible meeting rooms	8	3.3	6.4
Better lighting	5	2.0	4.0
Better public space and elevators	5	2.0	4.0
Hotel rooms	5	2.0	4.0
Improved traffic flow	5	2.0	4.0
Better climate control	5	2.0	4.0
Ballroom	5	2.0	4.0
Theater	4	1.6	3.2
High ceilings	4	1.6	3.2
More atmosphere	4	1.6	3.2
Recreational amenities	4	1.6	3.2
Board room	3	1.2	2.4
Hotel suites	3	1.2	2.4
Banquet facilities	3	1.2	2.4
Gas and water hookups	1	.4	.8
Transportation to airport	1	.4	.8
Staff/headquarters rooms	1	.4	.8
Windows	1	.4	.8
Other	12	4.9	9.6
Adequacy of present facilities	<u>6</u>	<u>2.4</u>	<u>4.8</u>
	<u>245</u>	<u>99.5%</u>	<u>196.0%*</u>

¹Total sample size: 396

* Totals more than 100.0% because of multiple recommendations by individual respondents.

- It should have no columns or other obstructions.
 - The Hall must be completely fireproofed.
 - The floor-load capacity must be at least 500 pounds per square foot.
 - The height of the ceiling must be at least 18 feet in the larger section of the hall and 14 feet in the remaining area.
 - A large doorway, 18 by 20 feet, must be available to allow direct access by trucks to the exhibit floor.
 - A loading dock should be provided, with space for ten trucks.
 - The dividing walls must be completely soundproofed.
 - Utilities available on the floor should include gas, water, steam, compressed air, electricity, telephone, public address and waste removal.
- Meeting rooms constitute an extremely important facet of the project. A recent survey by the Foundation of the American Society of Association Executives (FASAE) (shown on the facing page) indicated dissatisfaction with the meeting rooms at existing facilities. Thus the meeting rooms proposed here should be of high quality to provide the subject project with a competitive advantage in this area. We recommend that the meeting rooms have the following configuration:
- One large meeting room with a capacity of 350 people.
 - Two meeting rooms with a capacity of 300 people each.
 - Three medium meeting rooms for 150 people each.
 - Ten small meeting rooms, each holding about 50 people.
 - Ten smaller rooms, each with a capacity of about 15 people.

It should also be noted that some of the aforementioned meeting rooms could be located in the refurbished portion of the Indiana Hotel (Embassy Theater) so long as an enclosed climate-controlled walkway were to connect the center with the subject facility.

On the basis of the potential market, the recommended design of the exhibit hall should meet the needs of Fort Wayne now and in the foreseeable future. However, the facility should be designed in a flexible manner which would allow for additional smaller meeting rooms to be added if deemed feasible in the future.

- Service facilities are also very important. The most important of these, as noted in the FASAE survey, is a highly professional convention-services staff. These people oversee the conventions and meetings while they are in the facility, and they cater to every need of the group. Providing a competent staff for convention services would constitute a significant competitive advantage for this facility. Other recommended service facilities include the following:
 - A designated registration area.
 - Adequate storage areas.
 - Sufficient restrooms.
 - Adequate public space.
 - Building office and maintenance space.
 - Either a banquet-staging area or a full-service kitchen.

As mentioned earlier, it is anticipated that the subject convention center would be part of a multi-use complex that would also include a hotel. A major hotel of at least 350 rooms is a vital prerequisite; without it the proposed convention center would be difficult to market.

MARKET PENETRATION AND UTILIZATION - CONVENTION CENTER

MARKET PENETRATION

The proposed facility's penetration into each segment of the market has been estimated from the number of competitive facilities in each segment and from the position of the subject property relative to the competition. The project's competitive position has been assessed by an interactional analysis that relates eight of the most important factors which influence a potential group's choice of a convention or meeting facility:

- Location
- Size of facilities
- Room accommodations
- Amenities
- Membership support
- Sales effort
- Quality of facilities
- Accessibility

The number of potentially competitive equivalent facilities within each segment of the market is estimated as follows:

<u>Market segment</u>	<u>Number of competitors</u>
State associations	31
National/regional associations	31(1)
Corporate meetings	58
Local events	14

- (1) Within Indiana. The corresponding demand is drawn from a four-state region, and consequently, total supply is estimated to be about four times as great.

The proposed facility would compete with a very large number of properties for the national/regional associations, and with a relatively large number for corporate groups. Consequently the project's percentage "fair share" of the demand is much lower in these segments than in the state association and local group segments. The proposed facility's approximate fair share in each market segment is presented below:

<u>Market segment</u>	<u>Fair share</u>
State associations	3.2%
National/regional associations	.8
Corporate meetings	1.7
Local groups	7.1%

To determine the penetrations which the subject property could actually be expected to achieve, the fair shares have been adjusted by the interactional analysis described earlier.

Within each market segment, the advantages and disadvantages of the proposed convention center were analyzed in relation to its competitors. The results of these analyses, which were used to

- The location is favorable with respect to state associations; it is convenient to a majority of the state's population. However, it is not quite so convenient for corporate meetings, which tend to occur more frequently in the Indianapolis area. For national and regional associations, the location is considered to be centrally located.
- The size of facilities is favorable for all market segments.
- Room accommodations in the downtown area will remain limited, even with the construction of the proposed hotel. This condition would constitute a negative factor for the national/regional associations.
- Amenities in the proposed convention center itself would be very good, and they would constitute a positive factor for all segments. The lack of contiguous, major resort-oriented amenities would be a negative factor, especially for the corporate segment of the market.
- Membership support would be good in the state-association segment, but neutral in the others.
- Sales efforts would be somewhat limited relative to those of major cities seeking to attract the national and regional associations. However, it would be a positive factor for attracting local groups, and a neutral one for the others.
- The quality of facilities would be a positive factor for all segments of the market.
- Accessibility by automobile is good; this is a positive factor for state associations and certain corporate groups. However, accessibility by airplane is limited and is thus a negative factor for national and regional associations.

Stabilized penetrations by market segment for the proposed facility are projected as follows:

<u>Market segment</u>	<u>Penetration</u>
State associations	5.5%
National/regional associations	.4
Corporate meetings	1.8
Local events	10.7%

These penetrations reflect the character and quality of the projected facilities and are contingent on management's ability and on proper promotion of the proposed project. The penetrations assume that the projected supply will remain as estimated. If the projected supply of facilities changes it may affect the utilization of the subject facility.

These percentages for the state and national/regional segments were reduced during the first and second operating years to reflect acceptance lead-time. Penetrations are expected to stabilize in the second year of operations for the corporate market and in the first year for the local market. This results from the extensive pre-selling effort required to attract conventions and from the reliance on past meeting places.

UTILIZATION

Estimates of the expected utilization of the proposed project were determined from a model developed by our firm for this purpose. This model relates present convention and meeting demand and the annual rates of growth to the proposed facility's likely levels of penetration in each market segment.

As a result of our analysis, we project as follows the likely levels of utilization for the first five years of operation:

<u>Year of operation</u>	<u>Projected level of utilization</u>	
	<u>Event-days</u>	<u>Attendance</u>
First	755	53,000
Second	804	55,000
Third	829	57,000
Fourth	851	58,000
Fifth	873	59,000

The increase between the first and third years of operation reflects both the larger penetration of the market by this property and the growth rates involved in all three of the major market segments; subsequent increases are attributable to the growth of the market.

FINANCIAL PROJECTIONS - CONVENTION CENTER

GENERAL

Projections of operating revenues and expenses for the proposed convention center are based on the levels of utilization, as developed in the Market Penetration and Utilization - Convention Center section of this report.

The financial projections are stated in inflated dollars and are presented in thousands. The rates of inflation are assumed to vary among different revenue and expense categories. These rates are based on recent industry experience, and on governmental economic and business indices and forecasts.

The rates of inflation used for most revenues and expenses ranged from 8% to 10%. However, energy and insurance costs were inflated at an annual rate of 10% and labor at 9%.

PROPOSED CONVENTION CENTER
FORT WAYNE, INDIANA
STATEMENT OF ESTIMATED REVENUES AND EXPENSES BEFORE FIXED CHARGES
FOR FISCAL YEARS 1981-1985

	Year of operation				
	First (1981)	Second (1982)	Third (1983)	Fourth (1984)	Fifth (1985)
Revenues:					
Allen County lodging tax	\$427,000	\$470,000	\$ 540,000	\$ 594,000	\$ 654,000
Rent	281,000	323,000	359,000	398,000	441,000
Food and beverage commission	89,000	104,000	120,000	136,000	155,000
Equipment rental	8,000	10,000	11,000	12,000	13,000
Other income, net	8,000	10,000	11,000	12,000	13,000
	<u>813,000</u>	<u>917,000</u>	<u>1,041,000</u>	<u>1,152,000</u>	<u>1,276,000</u>
Expenses:					
Payroll and related	274,000	298,000	325,000	354,000	386,000
Supplies	14,000	15,000	17,000	19,000	21,000
Administrative and general	6,000	6,000	7,000	8,000	8,000
Repairs and maintenance	47,000	52,000	57,000	62,000	68,000
Energy	66,000	74,000	82,000	91,000	101,000
Insurance	11,000	12,000	14,000	15,000	17,000
	<u>418,000</u>	<u>457,000</u>	<u>502,000</u>	<u>549,000</u>	<u>601,000</u>
Estimated excess of revenues over expenses before fixed charges	<u>\$395,000</u>	<u>\$460,000</u>	<u>\$ 539,000</u>	<u>\$ 603,000</u>	<u>\$ 675,000</u>

The comments and assumptions contained in this report
are an integral part of these projections.

SOURCES AND BASES OF PROJECTIONS

The projections of operating revenues and expenses shown on the facing page are carried to the level of excess of revenues over expenses before fixed charges, which represents funds available for insurance on the building and its contents and for replacement of fixed assets. It is assumed that the convention center will be financed entirely by the area hotel/motel tax and will thus require no debt service.

Rent

Rent revenue is based on the anticipated use of space, by type of event, utilization and a rental rate in 1977 constant dollars of \$.04 per gross square foot per day.

Food and Beverage Commission

Banquet revenue for the hotel complex, assuming exclusive catering privileges, was estimated from anticipated check averages and patronage by both in-house and local clientele. Food and beverage commission for the convention center is projected on the basis of 10% of banquet food revenue and 20% of banquet beverage revenue.

Equipment Rental and Other Income

Equipment rental and other income are based on the experiences of similar types of facilities.

Payroll and Related Expenses

Payroll was projected on the basis of anticipated staffing levels for the convention center itself. In addition, it is assumed that the management firm operating the hotel will also operate the convention center. Therefore, certain payroll items were allocated between the hotel and the convention center according to total revenues. Employee benefits are estimated to be 20% of payroll.

The convention center's staff as conceived for purposes of the study will include convention-service personnel and engineering and security employees, in addition to administrative personnel.

Supplies

Cost of supplies is estimated from historical revenue and cost relationships at similar types of facilities.

Administrative and General

This classification includes expenses incurred in the general management of the center. It does not include a provision for a management fee.

Repairs and Maintenance

These projections are based on the experiences of similar types of facilities and reflect the desire to properly maintain the center throughout its entire economic life.

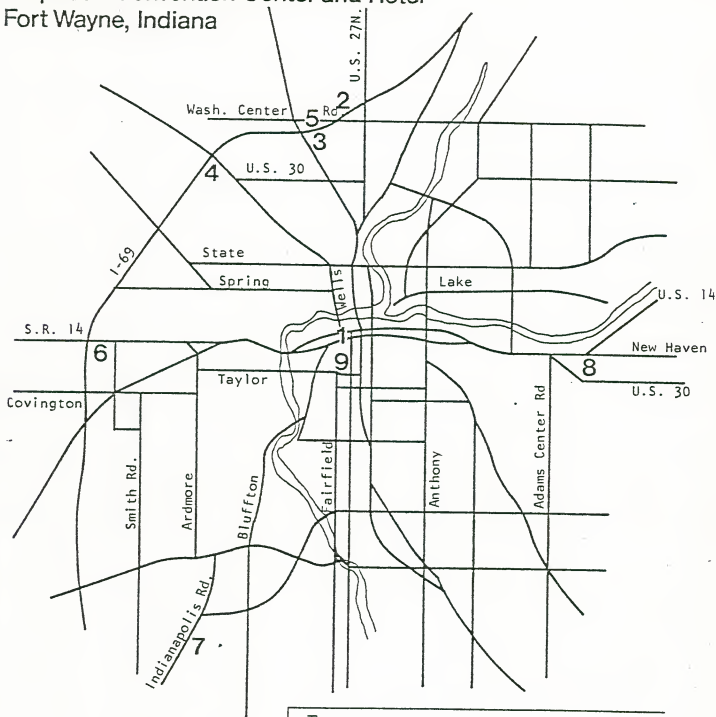
Energy

Energy is estimated on the basis of historical cost-to-space relationships at similar types of facilities in the same temperate zone. The projections also reflect the utilization of the proposed convention center.

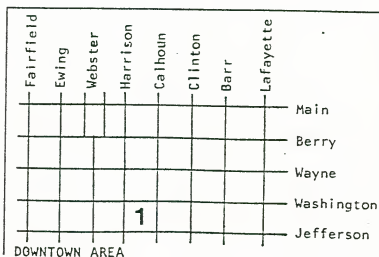
Insurance

This classification includes liability insurance only.

Proposed Convention Center and Hotel Fort Wayne, Indiana



- 1 Proposed Site
- 2 Marriott Inn
- 3 Hospitality Motor Inn
- 4 Holiday Inn
- 5 Imperial House
- 6 Ramada Inn
- 7 Hilton
- 8 Howard Johnson's
- 9 Travelodge



SUPPLY AND DEMAND ANALYSIS - HOTEL

GENERAL

This part of the report relates the present and projected supply of transient lodging accommodations to the demand for them.

MARKET ORIENTATION

In the following paragraphs, the market segmentation of the area is described as it relates to the demand for lodging accommodations arising from the various types of patrons that would be attracted to the area.

The major segments of the market are as follows:

- Commercial - These are individuals traveling to the Fort Wayne area for business reasons. This segment generates a major portion of its demand from Monday through Thursday nights. The commercial travelers, if not on an overly restrictive per diem reimbursement basis, tend to be less price-sensitive than the leisure travelers. Businesspeople accordingly choose a hotel offering a high caliber of entertainment and a quality atmosphere.

- Group - People visiting Fort Wayne to attend conventions, association, sales and corporate meetings, training sessions, educational seminars and special events make up this market segment. Attendees will patronize either a lodging property having adequate public space (meeting halls, meeting rooms, hospitality rooms, etc.) or one located convenient to their local headquarters, or to a convention center. The group market generally provides a higher percentage of double occupancy than the commercial segment, thus tending to increase the average room rate at the accommodating property.
- Tourist - The tourist market segment is composed mainly of leisure travelers. Most guests from this segment who patronize Fort Wayne area hotel facilities are en route to another destination. Though not considered a major tourist destination, Fort Wayne does attract some tourists as a final stop. These include visitors to the Three Rivers Festival, Historic Fort Wayne and a variety of other sites and events.
- Contract - This market segment consists of airline personnel and railroad workers who stay in the area at properties which have arranged room contracts with their respective companies. Because of the relatively low room rate associated with this market segment, we feel that the proposed property would not penetrate it.

PRESENT SUPPLY

Since 1965, nearly 1,000 transient lodging rooms located in downtown Fort Wayne have left the market. For the most part, these facilities were closed because they did not offer the quality of guest room which today's market demands. During this same period, an estimated 1,700 guest rooms were added to the market outside the CBD.

There are presently 1,105 rooms in the Fort Wayne area which are considered to be competitive, in varying degrees, with the proposed hotel. These rooms represent accommodations in eight hotel/motel properties, all of which are affiliated with either a national or regional chain. However, only one of these facilities is located in the Fort Wayne CBD.

Several additional properties in the area were not considered competitive because of the combined factors of quality, size, facilities, rate structure and location.

The competitive properties have an estimated average annual occupancy of 76%.

Pertinent statistics concerning these properties are shown in the table below. To respect the confidentiality of each hotel's data, we are showing ranges for average rates and estimated occupancy. It should be noted that in some cases average rates are lower than published rates; this is attributable to group and commercial discounts.

COMPETITIVE PROPERTIES

	Estimated number of rooms	Published room rates		Estimated average rate range	Estimated annual occupancy range
		Single	Double		
Marriott Inn	228	\$31-\$38	\$39-\$48	\$28-\$33	75%-85%
Hospitality Motor Inn	151	\$29	\$36	\$25-\$30	65%-75%
Holiday Inn	151*	\$28	\$36	\$25-\$30	75%-85%
Imperial House Motel	130	\$24-\$30	\$30-\$40	\$25-\$30	70%-80%
Ramada Inn	150	\$28-\$31	\$34-\$36	\$25-\$30	65%-75%
Hilton Inn	120	\$27-\$31	\$37-\$39	\$25-\$30	75%-85%
Howard Johnson's Motor Lodge	104	\$20	\$24	\$20-\$25	70%-80%
Travelodge	71	\$21-\$26	\$25-\$33	\$20-\$25	65%-75%

* Additional rooms are under construction.

Following are descriptions of the properties listed above:

- Marriott Inn - Located on Washington Center Road at I-69, north of the Fort Wayne CBD, the Marriott is presently the largest transient lodging facility in the community. It offers the greatest number of meeting rooms among the area properties and accordingly

captures the greatest number of room-nights generated by the group segment of the market. A large portion of this facility's demand is generated by the commercial market, while only a limited portion of its business is derived from the tourist segment.

- Hospitality Motor Inn - This facility contains 151 guest rooms along with a number of suites which are typically used as meeting rooms. It is located north of the city near the intersection of I-69 and S.R. 3. The facility is close to one of the area's largest industrial sectors, Interstate Industrial Park. This motor inn's demand is generated almost equally by the commercial and group market segments. Tourists account for approximately 10% of the Hospitality's demand.
- Holiday Inn - At present, this is the only Holiday Inn in the community.

A second Holiday Inn was recently sold to an independent operator and renamed the Chalet. That facility's rate structure is such that it can be classified as a "budget" motel.

The remaining Holiday Inn is located near I-69 at California Road, about four miles northwest of the CBD. It offers an indoor pool as well as free in-room movies. It is estimated that this property is presently enjoying the highest occupancy in the area. Most of its demand is derived from the commercial market and its remaining demand is split evenly between groups and tourists. At the time of our market research the Inn was undergoing an expansion program. This will be discussed in greater detail later in this report.

- Imperial House Motel - Located on the north side of the intersection of I-69 and State Road 3, it contains the area's largest ballroom, which can accommodate approximately 600 guests. However, most of the demand captured at this facility is commercial-related. The motel and its restaurant are operated as separate entities, even though both are owned and operated by the parent company.

- Ramada Inn - This company-owned property lies west of the CBD near the intersection of I-69 and S.R. 14. It can accommodate 350 people banquet-style in its meeting facilities. The commercial market segment accounts for the greatest share of the Inn's business, while the group and tourist markets combined are estimated to generate approximately 20% of the Ramada's demand.
- Hilton Inn - This facility is located adjacent to Baer Field. The two-story Inn contains a large ballroom which can accommodate up to 350 people for a banquet. This room is capable of being divided into five smaller function facilities. The commercial market segment generates most of the Hilton's room demand, followed by the group market. Only a very limited amount of demand is generated by tourists. Also, airline crews provide a small portion of the property's business.
- Howard Johnson's Motor Lodge - Located east of the CBD on U.S. Route 27/30, it is close to Fort Wayne's largest industrial cluster. The facility has recently been sold, but it will continue to operate as a Howard Johnson's. An estimated 20 rooms a night are under contract to railroad workers. However, most of the Lodge's utilization is associated with commercial travelers.
- Travelodge - This 16-year-old facility is the only one of the competitive properties which is located within the Fort Wayne CBD. It is presently in need of refurbishment. A material portion of its demand is generated by Lincoln Life, whose offices are close to the property. Overall, the facility captures the greatest portion of its demand from the commercial market segment. Of all the competitive properties, the Travelodge is experiencing the lowest level of utilization.

FUTURE SUPPLY

The following paragraphs summarize the status of potential changes in the supply of hotel/motel rooms in the Fort Wayne market:

- The Holiday Inn - This property is constructing an estimated 60 additional guest rooms, additional meeting facilities to accommodate from 250 to 300 people, and a number of suite-type conference rooms. These additional rooms were considered in estimating the occupancy of the proposed hotel.
- Sheraton Inn - Presently closed because of both a fire and financial problems, this 210-room facility is located in the Fort Wayne CBD. A number of developers have shown interest in refurbishing and reopening this hotel. However, it is not yet certain whether such a project will be undertaken.
- Marriott Inn - The management of this facility is proposing the construction of an addition of approximately 100 guest rooms. No firm commitment to proceed has yet been made.
- Hilton Inn - Expansion plans for this facility have also been developed. This program calls for an addition of 40 guest rooms. No decision to proceed with this project has been made at this time.
- Hotel Development - Proposed for an area immediately west of the CBD, this project is only in the early stages of development. Accordingly, no commitment has yet been made to commence with construction.
- Lee's Inn - Proposed for a site along I-69 northwest of Fort Wayne, this proposed property would have 150 guest rooms as well as banquet facilities. Financing is being sought through a bond issue sponsored by the Economic Development Commission.

Because of the uncertainty associated with most of the aforementioned projects, a probability of development was assigned to each. Accordingly, our future supply analysis took into consideration only the number of future rooms which was projected by the weighted probability analysis.

PRESENT DEMAND

As mentioned earlier in this section, the overall average occupancy for the eight competitive facilities is about 76%, representing approximately 307,600 occupied rooms during the past year.

Total demand was further analyzed by differing time periods to recognize seasonal fluctuations among the different market segments.

The work season is defined as Monday through Thursday, and the nonwork season as Friday, Saturday and Sunday.

On the basis of interviews with managers of competitive properties and our research of lodging patterns, we estimate the demand in the area to be as follows:

Season	Length (days)	Market segments				Total
		Commercial	Group	Tourist	Contract*	
Work	208	156,800	46,500	11,900	4,400	219,600
Nonwork	157	39,200	31,000	14,500	3,300	88,000
	365	196,000	77,500	26,400	7,700	307,600

* As mentioned earlier, the contract business would not be penetrated by the proposed property.

These estimates reflect the room demand experienced by the competitive properties.

FUTURE DEMAND

The future demand for transient lodging facilities is a function of present demand and of growth rates. Each of the three competitive market segments examined should continue to have a positive rate of growth. From the trends of the economic indicators, as presented in the Market Area Analysis section of this report, and their impact on lodging demand, we estimated average growth rates by competitive market segment for the term of our projections. These growth rates are as follows:

<u>Segment</u>	<u>Projected annual growth</u>
Commerical	3%
Group	5%
Tourist	3%

In addition to the demand generated by the growth in the group market, as described above, the hotel and the new convention center would attract group business that has not, up to now, come to the Fort Wayne area. The entry of the proposed hotel's sales force and the convention center's exhibit and meeting facilities into the market place would enable the property to attract this new, non-local business to the area.

SITE ANALYSIS - HOTEL

The site of the proposed hotel is center-city Fort Wayne. It is bounded by Calhoun Street to the east, Washington Street to the north, Jefferson Street to the south and Harrison Street to the west. The proposed facility would be situated on the northeast quadrant of the block. Several buildings are presently on the site; these would be removed to prepare for construction.

Directly across from the hotel would be a parking garage linked with the property by an enclosed walkway.

In addition to the subject lodging facility, a convention center is planned for the site.

Such uses are all very compatible with those of the surrounding land parcels, which are mainly devoted to retail and office space.

The visibility of the site from the immediate area is adequate. However, it would be improved by the development of the proposed facilities. Accessibility to the site is also adequate.

Overall, the site is appropriately suited for the proposed hotel.

FACILITIES RECOMMENDATIONS - HOTEL

From our analyses of the site, the market area, and lodging supply and demand characteristics, the following guidelines in planning the specific facilities are recommended:

- The lodging segment of the project should be composed of 350 first-class guest rooms, to include 80 king-sized bed rooms, 250 double double-bed rooms and 20 parlor suites.
- The food and beverage facilities should include the following:

<u>Restaurant</u>	<u>Seating capacity</u>
A. A "fine-dining" restaurant	100-125
B. A theme restaurant - steak and prime rib type, etc.	175-200
C. Coffee shop	150-175

- The "fine-dining" restaurant and the theme restaurant should be open for lunch and dinner seven days a week. The theme restaurant should also be able to serve breakfast at such times as the demand for this meal cannot be efficiently accommodated by the coffee shop.

The coffee shop should be open for breakfast and lunch seven days a week.

- Lounges

	<u>Seating capacity</u>
A. Theme/entertainment lounge	150-175
B. Intimate/businesspeoples' lounge	75-100
C. Lobby bar	50 - 75

- The theme/entertainment lounge should be independent from any food facility. The intimate/businesspeoples' lounge can be tied into the restaurant facilities in the hotel.
- The hotel should offer the following amenities: indoor pool, free parking, free in-room movies, bedside television on/off switch, radio and alarm clock.
- The hotel is expected to utilize the meeting facilities of the proposed convention center.
- The hotel should be affiliated with a convention-oriented national hotel chain.

These recommended facilities are subject to final architectural design plans.

MARKET PENETRATION AND UTILIZATION - HOTEL

MARKET PENETRATION

The proposed facility's penetration into each market segment was projected by an interactional analysis that relates nine factors which influence a potential guest's choice of lodging facilities:

- Location
- Size of property
- Affiliation
- Amenities
- Meeting-room facilities
- Site
- Age
- Rate structure
- Quality of facilities

Within each market segment, the advantages and disadvantages of the proposed hotel were analyzed in relation to its competitors. The results of these analyses were used to determine the achievable market penetrations.

- Commercial market - The proposed quality of the hotel's facilities and its national affiliation were both considered to be a premium in attracting demand from this market segment. The CBD location and the rate structure were considered to be negative factors in the hotel's attempts to penetrate the market.
- Group market - The location of the proposed hotel, adjacent to and connected with the convention center, should give it a substantial advantage in penetrating the group market segment. Its affiliation and size should also contribute to that advantage. Rate structure will be the proposed hotel's main disadvantage in its efforts to penetrate the group market.
- Tourist market - Its national affiliation and prominent appearance would be two of its most advantageous aspects in attracting tourists who desire a luxury hotel. The property's rate structure would cause it to be avoided by the price-sensitive portion of this segment. Our estimate of the proposed hotel's penetration into this segment was also discounted to recognize the locational disadvantage of being situated in the CBD away from the major transportation corridors.

Stabilized penetrations by market segment for the proposed facility are projected as follows:

<u>Market segment</u>	<u>Penetration</u>
Commercial	15.9%
Group	22.9%
Tourist	12.9%

These penetrations reflect the character and quality of the projected facilities and are contingent on management's ability and on proper promotion of the proposed project.

The percentages for the group and commercial market segments were reduced during the first and second operating years to reflect acceptance lead-time. The penetration percentage of the tourist market segment was reduced in the first operating year only. The acceptance lead-time in this segment is anticipated to be less than in the group and commercial segments.

UTILIZATION

Estimates of the expected utilization of the proposed project were made by use of a risk-analysis computer program developed by our firm for hotel ventures. This program analyzes present lodging demand, the annual growth in demand and the proposed facility's likely levels of penetration in each market segment, and then it projects the hotel's likely utilization. Since any projections involve a degree of uncertainty, the program accepts a range of values for each input, in addition to the median values.

As a result of our analysis, we project the likely levels of occupancy in the first through fifth years of operation, as follows:

<u>Year of operation</u>	<u>Projected level of occupancy</u>
First	55%
Second	60
Third	64
Fourth	66
Fifth	69%

The growth between the first and third years of operation reflects the increased market penetration by this property and the growth rates involved in all three of the major market segments. The fourth and fifth years reflect only growth associated with the market segments.

Graphs depicting the probabilities of achieving likely occupancy levels for each of the initial five years of operation are contained in Exhibits A through E.

PROPOSED HOTEL
FORT WAYNE, INDIANA
PROJECTED STATEMENT OF INCOME BEFORE FIXED CHARGES

	Year of operation				
	First	Second	Third	Fourth	Fifth
Percentage of occupancy	55%	60%	64%	66%	69%
Average rate per occupied room	\$39.80	\$43.50	\$47.50	\$51.60	\$56.00
Estimated revenue:					
Rooms	\$2,796,000	\$3,334,000	\$3,884,000	\$4,351,000	\$4,936,000
Food and beverage	2,267,000	2,672,000	3,108,000	3,494,000	3,966,000
Telephone	140,000	167,000	194,000	218,000	247,000
Other revenue, net	42,000	50,000	58,000	65,000	74,000
	<u>5,245,000</u>	<u>6,223,000</u>	<u>7,244,000</u>	<u>8,128,000</u>	<u>9,223,000</u>
Estimated departmental operating expenses:					
Rooms	719,000	836,000	961,000	1,076,000	1,211,000
Food and beverage	1,918,000	2,239,000	2,583,000	2,899,000	3,281,000
Telephone	176,000	204,000	233,000	258,000	290,000
	<u>2,813,000</u>	<u>3,279,000</u>	<u>3,777,000</u>	<u>4,233,000</u>	<u>4,782,000</u>
Estimated gross operating income	<u>2,432,000</u>	<u>2,944,000</u>	<u>3,467,000</u>	<u>3,895,000</u>	<u>4,441,000</u>
Estimated undistributed operating expenses:					
Administrative and general	590,000	667,000	748,000	825,000	915,000
Marketing	413,000	471,000	532,000	588,000	655,000
Property operation, maintenance and energy costs	473,000	531,000	595,000	658,000	732,000
	<u>1,476,000</u>	<u>1,669,000</u>	<u>1,875,000</u>	<u>2,071,000</u>	<u>2,302,000</u>
Projected income before fixed charges	<u>\$ 956,000</u>	<u>\$1,275,000</u>	<u>\$1,592,000</u>	<u>\$1,824,000</u>	<u>\$2,139,000</u>

The comments and assumptions contained in this report
are an integral part of these projections.

FINANCIAL PROJECTIONS - HOTEL

GENERAL

Projections of operating revenues and expenses were prepared on the basis of the projected levels of occupancy developed in the Market Penetration and Utilization - Hotel section of this report; they are presented on the facing page.

These projections are carried to the level of income before fixed charges, which represents funds available for payment of the following:

- Real estate taxes
- Property insurance
- Debt service
- Income taxes
- Replacement of fixed assets
- Return on equity

The financial projections are stated in inflated dollars and are rounded to the nearest thousand. The rates of inflation are assumed to vary among different income and expense categories; they are based on recent industry experience and governmental economic and business indices and forecasts. The rates of inflation used range from 8% to 10%.

SOURCES AND BASES OF PROJECTIONS

Room Revenue

Guest room revenue was estimated from projected utilization and the projected average rate per occupied room in inflated dollars. The latter was determined utilizing a basic room-rate structure of \$31-\$35 single and \$38-\$42 double in 1978 dollars. Real dollar rate increases were projected to reflect market penetration strategies typically employed by new hotel ventures. In addition, the projected average rates reflect the anticipated degree of double occupancy, seasonality of demand, market segment penetrations and room-rate discounts to preferred customers and groups.

Food and Beverage Revenue

Food and beverage sales projections are based on estimated check averages, number of guests and banquet utilization. Check averages are estimated from menu prices at competing properties in the area and at similar properties elsewhere. The number of patrons is based on projected use of the facility by hotel guests and by members of the local community. Banquet revenue is based on contemplated patronage by both in-house and local clientele. Public room sales are not included in the revenue of the hotel, as the convention center will ultimately receive this revenue.

Telephone

Revenue from this department was based on the experience of similar types and sizes of properties. It includes both guest-room telephone utilization and pay-phone commissions. Revenue is expected to vary with the occupancy of the hotel and is estimated to be about 5.0% of room sales.

Other Revenue

Revenue from store rentals and other sources, including guest valet, laundry, vending machines, commissions and cash discounts, is projected net of expenses. This revenue is estimated to be about 1.5% of room sales.

Rooms Department Expenses

Rooms department expenses include payroll for desk personnel, maids and housemen, in addition to rooms supply costs such as linen, laundry and papers. These expenses are estimated from historical costs per unit of revenue at similar properties and range from 25.7% to 24.5% of departmental sales.

Food and Beverage Expense

This category comprises food and beverage product costs, departmental payroll and other direct operating expenses. Estimates of food and beverage expenses are based on data from comparable operations and range from 84.6% to 82.7% of food and beverage revenue. Commissions on banquet revenue, estimated to be 10% of banquet food sales and 20% of banquet beverage sales, are to be paid to the convention center. Estimates of these commissions are included in food and beverage expense.

Telephone Expense

This expense ranges from 125.7% of telephone sales in the first year to 117.4% in the fifth operating year.

Administrative and General Expenses

This classification includes management and administrative payroll, accounting and legal fees, general insurance, bad debts, licenses and dues, travel and entertainment expense, printing expense, credit card commissions and other expenses incurred for the general management of the property. It does include a provision for contract management fees.

Marketing Expense

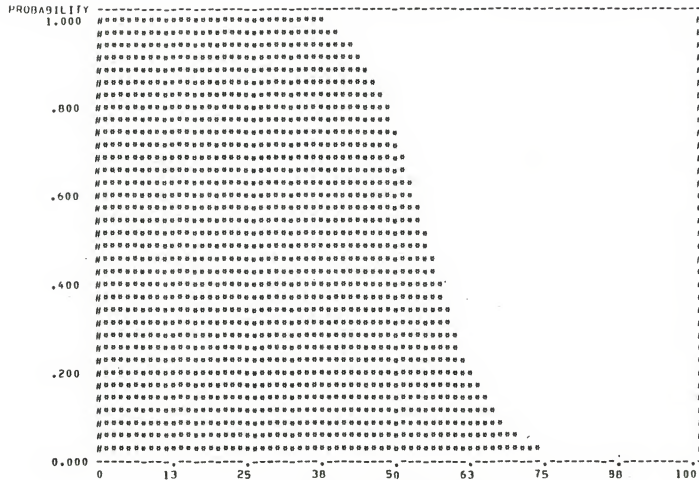
This expense is estimated from the experience of similar types of properties. It reflects a portion of fixed costs, in addition to variable costs based on the property's utilization. Franchise fees are included in this category.

Plant Operation, Maintenance and Energy Costs

This category includes property operation and maintenance, and energy costs for the hotel. It is based on experiences of properties of similar size and construction located in the same temperate zone, and it reflects the desire to maintain the property throughout its entire economic life. The energy costs reflect recent developments affecting the cost of fuels and electricity, as well as those that are expected to occur in future years.

EXHIBITS

PROPOSED HOTEL
FORT WAYNE, INDIANA
LIKELY LEVEL OF UTILIZATION
FISCAL YEAR 1981



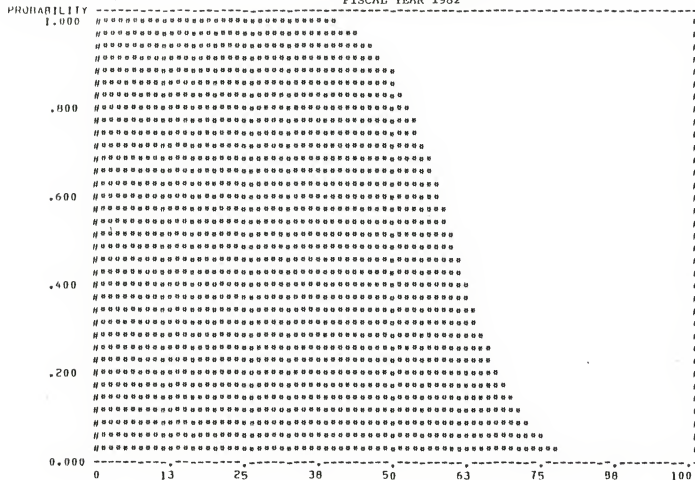
CUMULATIVE PROBABILITY GRAPH
OF OCCUPANCY (PERCENT) FOR 1982

MODE	53.8
FIRST QUARTILE	40.8
MEDIAN	55.0
THIRD QUARTILE	60.0
ARITHMETIC MEAN	54.8
STANDARD DEVIATION	8.4

EXHIBIT A

LIVELY LEVEL OF UTILIZATION

FISCAL YEAR 1982

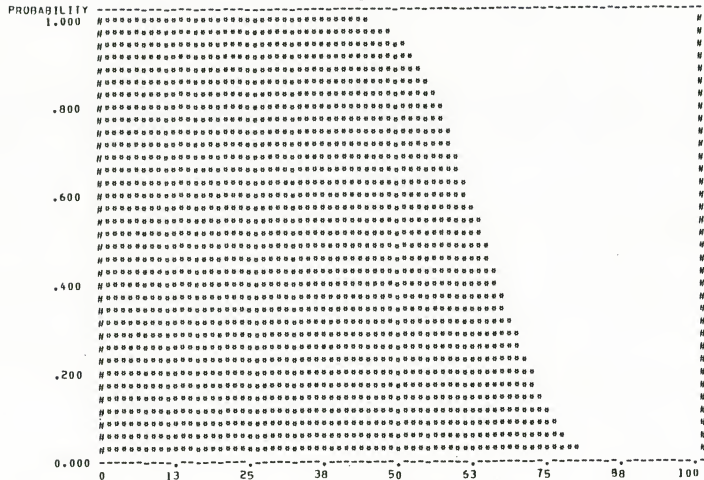


CUMULATIVE PROBABILITY GRAPH
OF OCCUPANCY (PERCENT) FOR 1983

MODE	60.0
FIRST QUARTILE	53.8
MEDIAN	60.0
THIRD QUARTILE	65.0
ARITHMETIC MEAN	59.5
STANDARD DEVIATION	8.8

EXHIBIT B

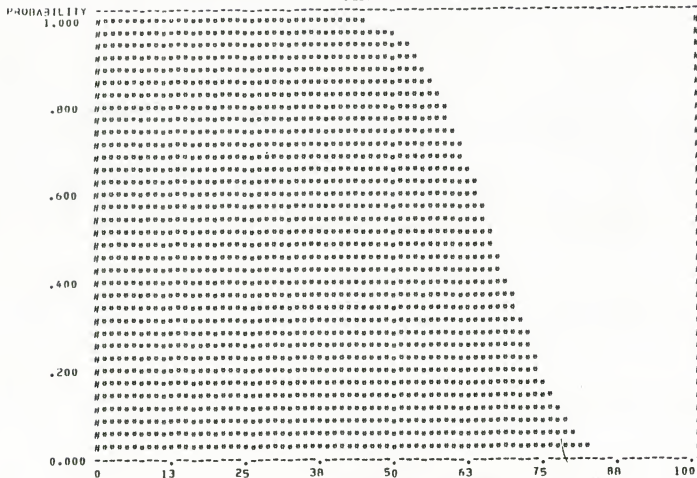
PROPOSED HOTEL
FORT WAYNE, INDIANA
LIKELY LEVEL OF UTILIZATION
FISCAL YEAR 1983



CUMULATIVE PROBABILITY GRAPH
OF OCCUPANCY (PERCENT) FOR 1984

MODE	61.3
FIRST QUARTILE	57.5
MEDIAN	63.8
THIRD QUARTILE	70.0
ARITHMETIC MEAN	63.7
STANDARD DEVIATION	8.5

PROPOSED HOTEL
FORT WAYNE, INDIANA
LIKELY LEVEL OF UTILIZATION
FISCAL YEAR 1984

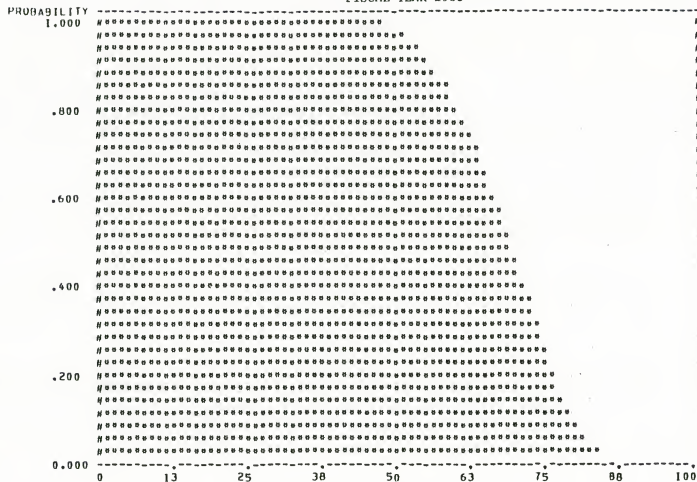


CUMULATIVE PROBABILITY GRAPH
OF OCCUPANCY (PERCENT) FOR 1985

MODE	63.8
FIRST QUANTILE	60.0
MEDIAN	66.3
THIRD QUANTILE	72.5
ARITHMETIC MEAN	65.7
STANDARD DEVIATION	8.9

EXHIBIT D

PROPOSED HOTEL
FORT WAYNE, INDIANA
LIKELY LEVEL OF UTILIZATION
FISCAL YEAR 1985



CUMULATIVE PROBABILITY GRAPH
OF OCCUPANCY (PERCENT) FOR 1986

MODE	73.8
FIRST QUARTILE	61.3
MEDIAN	68.8
THIRD QUARTILE	75.0
ARITHMETIC MEAN	67.6
STANDARD DEVIATION	8.9

PROPOSED CONVENTION CENTER AND HOTEL
FORT WAYNE, INDIANA

STATEMENTS OF PROJECTED REVENUES AND EXPENSES,
TAXABLE INCOME (LOSS) AND CASH FLOW

OCTOBER 1978



LAVENTHOL & HORWATH

CERTIFIED PUBLIC ACCOUNTANTS

Part II, Section B3
Exhibit 2

AVENTHOL & HORWATH



CERTIFIED PUBLIC ACCOUNTANTS

111 EAST WACKER DRIVE
CHICAGO, IL 60601
(312) 644-4570

A MEMBER OF
HORWATH & HORWATH INTERNATIONAL
WITH AFFILIATED OFFICES WORLDWIDE

Fort Wayne/Allen County Convention
and Tourism Authority and the
Fort Wayne Redevelopment Commission
One Main Street
City/County Building
Fort Wayne, Indiana 46802

This report, entitled "Proposed Convention Center and Hotel, Fort Wayne, Indiana, Statements of Projected Revenues and Expenses, Taxable Income (Loss) and Cash Flow", has been prepared pursuant to our engagement letter dated April 25, 1978, and our report dated August 4, 1978, entitled "Market Analysis and Financial Projections for a Proposed Convention Center and Hotel in Fort Wayne, Indiana".

The projected financial statements included in this report are intended to present estimates of financial performance for the proposed complex at assumed methods of financing the proposed projects, during a two-year construction period and the first five years of operation. This report should be read in conjunction with the aforementioned August 1978 report.

The scope of our work includes, among other factors, development of estimated construction costs, meeting with you and your representatives to develop financing alternatives, and compilation of the projections on the basis of estimates and assumptions described in the accompanying report.

For purposes of this report, we ascertained neither the impact of energy shortages nor the legal and regulatory requirements applicable to this project, including zoning, other state and local government regulations, permits and licenses. Furthermore, no effort has been made to determine the possible effect on this project of present or future federal, state or local legislation, including any environmental or ecological matters or interpretations thereof.

Since the projections are based on estimates and assumptions which are inherently subject to uncertainty and variation depending on evolving events, we not represent them as results that will actually be achieved. The financial projections referred to above represent appropriate application of current federal income tax laws, regulations and interpretations thereof. There is no assurance that such laws will

not be modified subsequent to the date of this report, nor is there any assurance that the interpretations applicable to this entity will not be challenged by the U.S. Internal Revenue Service.

The terms of this engagement are such that we have no obligation to revise the projected financial statements to reflect events or conditions which occur subsequent to October 16, 1978. However, we are available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

You have informed us that you intend to include our report in an offering circular for the purpose of soliciting investments in your project. You have further advised us that it is intended that the securities will be issued by a state or a public instrumentality of a state and therefore will be exempt from the registration and prospectus-delivery requirements of the Securities Act of 1933. You have further informed us that you will retain legal counsel experienced in such offerings to guide you in this offering.

You have agreed that, before our report is released for distribution to investors, your legal counsel will furnish us with an opinion to the effect that the offering will be exempt from the registration provisions of the Securities Act of 1933, and that you are adopting and following appropriate procedures to assure compliance with the Act. The letter will also indicate the nature and extent of any filing and review requirements of applicable state authorities.

All proofs of offering material must be submitted to us for approval prior to reproduction or publication.

Laventhol & Horwath

October 16, 1978

GENERAL

The statements contained herein of projected revenues and expenses, taxable income (loss) and cash flow refer to the proposed convention center and the proposed 350-room hotel to be located in downtown Fort Wayne, Indiana, on a site described in our previous report dated August 4, 1978, entitled "Market Analysis and Financial Projections for a Proposed Convention Center and Hotel in Fort Wayne, Indiana".

In the aforementioned report, financial projections were carried to the level of income available for fixed charges at assumed levels of utilization during the first five years of operation, beginning in fiscal 1981. Accordingly, in this report the projected financial statements reflect deductions from the aforementioned projected level of income for the following estimated expenditures during the initial years of operation:

Convention Center

Replacement of fixed
assets

Debt service

Hotel

- Property taxes and insurance
- Replacement of fixed assets
- Debt service
- Income taxes
- Return on equity

In addition, projected financial statements covering the proposed two-year period of construction, beginning in fiscal 1979, were developed and are included in this report.

CONVENTION CENTER

GENERAL

Projections of revenues and expenses and cash flows for the proposed convention center were based on the statement of estimated revenues and expenses before fixed charges as presented in our initial report.

The financial projections are stated in inflated dollars. The rates of inflation are assumed to vary among different revenue and expense categories. These rates are based on recent industry experience, and on governmental economic and business indices and forecasts.

MAJOR ASSUMPTIONS

The financial projections are based on the following major assumptions, as well as on assumptions presented in the preceding report, and on more detailed bases of projections presented later in this report.

Estimated Investment Requirement

For purposes of this study, we assumed an investment requirement of approximately \$5,500,000, computed as follows:

Building		\$4,050,000	
Furniture and equipment		750,000	
Other expenditures:			
Interest during construction	\$496,000		
Bond service fees	93,000		
Pre-opening expenses	85,000		
Working capital	<u>10,000</u>		<u>684,000</u>
Estimated investment requirement			<u>\$5,484,000</u>

Proposed Business Entity

The proposed convention center would be a publicly-owned facility.

Proposed Financing Structure

Permanent financing is assumed to be in the form of revenue bonds. The bonds are expected to be issued prior to construction and require interest-only payments during the period of construction.

Equity capital requirements, beginning in fiscal 1979, the year in which construction begins, coupled with permanent financing were assumed as shown in the following schedule:

<u>Year</u>	<u>Bond proceeds</u>	<u>Equity capital</u>	<u>Total</u>
1979	\$3,100,000	\$2,005,000	\$5,105,000
1982		<u>395,000</u>	<u>395,000</u>
	<u>\$3,100,000</u>	<u>\$2,400,000</u>	<u>\$5,500,000</u>

PROPOSED CONVENTION CENTER
FORT WAYNE, INDIANA
STATEMENT OF PROJECTED REVENUES AND EXPENSES
FOR FISCAL YEARS 1979-1985

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Estimated excess of revenues over expenses before fixed charges			\$395,000	\$460,000	\$539,000	\$603,000	\$675,000
Add interest earned	\$ 86,000		1,000	4,000	7,000	10,000	12,000
(One Funds)	<u>86,000</u>		<u>396,000</u>	<u>464,000</u>	<u>546,000</u>	<u>613,000</u>	<u>687,000</u>
Estimated fixed charges:							
Interest			247,000	244,000	242,000	239,000	235,000
Bond service fees	93,000						
Pre-opening expense		\$ 85,000					
Interest during construction	<u>248,000</u>	<u>248,000</u>					
	<u>341,000</u>	<u>333,000</u>	<u>247,000</u>	<u>244,000</u>	<u>242,000</u>	<u>239,000</u>	<u>235,000</u>
Estimated excess of revenues (expenses)	<u>(\$255,000)</u>	<u>(\$333,000)</u>	<u>\$149,000</u>	<u>\$220,000</u>	<u>\$304,000</u>	<u>\$374,000</u>	<u>\$452,000</u>

The comments and assumptions contained in this report are an integral part of this projected statement.

Interest on borrowed capital was calculated at the rates indicated in the accompanying notes to these projected financial statements. Constant-level monthly payments of principal and interest, beginning in fiscal 1981, were used in the calculation of debt service requirements and interest expense for the initial five years of operation.

PROJECTIONS OF REVENUES AND EXPENSES

The projections of revenues and expenses for the proposed convention center are shown on the facing page.

SOURCES AND BASES OF PROJECTIONS

In addition to the information provided above, the projections of revenues over expenses are based on information made available to us by the developers, local municipal authorities and the experience of comparable operations.

Interest Earned

Interest was estimated to be earned at the rate of 6% per annum on funds reserved for replacement of fixed assets, and on unexpended bond proceeds.

Interest Expense

Interest expense is computed on the basis of a bond issue carrying a 30-year term, with a two-year principal moratorium during the construction period, at an interest rate of 8.0% per annum.

Bond Service Fees

Bond service fees were estimated at 3% of the bond issue.

PROPOSED CONVENTION CENTER
FORT WAYNE, INDIANA
STATEMENT OF PROJECTED CASH FLOW
FOR FISCAL YEARS 1979-1985

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Estimated excess of revenues (expenses)	(\$ 255,000)	(\$333,000)	\$149,000	\$220,000	\$304,000	\$374,000	\$ 452,000
Other sources of funds:							
Bond issue	3,100,000						
Equity capital	2,005,000	395,000					
Replacement reserve fund				<u>3,000</u>	<u>9,000</u>	<u>17,000</u>	<u>31,000</u>
	<u>4,850,000</u>	<u>62,000</u>	<u>149,000</u>	<u>223,000</u>	<u>313,000</u>	<u>391,000</u>	<u>483,000</u>
Less items requiring funds not deducted from revenues:							
Construction cost	4,050,000						
Purchase of furniture, fixtures and equipment		750,000	1,000	5,000	11,000	21,000	38,000
Working capital		10,000					
Replacement reserves, net*			49,000	52,000	56,000	59,000	62,000
Bond principal payments			<u>31,000</u>	<u>34,000</u>	<u>36,000</u>	<u>39,000</u>	<u>43,000</u>
	<u>4,050,000</u>	<u>760,000</u>	<u>81,000</u>	<u>91,000</u>	<u>103,000</u>	<u>119,000</u>	<u>143,000</u>
Projected cash flow	<u>800,000</u>	<u>(698,000)</u>	<u>(68,000)</u>	<u>132,000</u>	<u>210,000</u>	<u>272,000</u>	<u>340,000</u>
Cumulative	<u>\$ 800,000</u>	<u>\$102,000</u>	<u>\$170,000</u>	<u>\$302,000</u>	<u>\$512,000</u>	<u>\$784,000</u>	<u>\$1,124,000</u>

Another \$0,00

*Replacement reserves are net of expenditures for furniture, fixtures and equipment.

The comments and assumptions contained in this report
are an integral part of this projected statement.

Pre-Opening Expense

Administrative, marketing, training, payroll, etc., expenses incurred in connection with opening the proposed convention center during the period of construction are estimated at \$85,000.

CASH FLOW PROJECTIONS

The projections of cash flow are shown on the facing page.

Sources and Bases of ProjectionsWorking Capital

Working capital requirements were estimated from the experiences of similar projects to be \$10,000.

Replacement Reserves

Reserve for the replacement of fixed assets were estimated from the experiences of similar properties. An increasing portion of these funds is assumed to be expended in each operating year.

Bond Principal Payments

Bond principal payments were based on the parameters discussed previously.

HOTEL

GENERAL

Projections of net taxable income (loss) and cashflow for the proposed hotel were based on the statement of projected income before fixed charges as presented in our previous report.

The financial projections are stated in inflated dollars. The rates of inflation are assumed to vary among different revenue and expense categories. These rates are based on recent industry experience, and on governmental economic and business indices and forecasts.

MAJOR ASSUMPTIONS

The financial projections are based on the following major assumptions, as well as on assumptions presented in the aforementioned report, and on a more detailed basis of projections presented later in this report.

Estimated Investment Requirement

For purposes of this study, we assumed an investment requirement of \$14,593,000, computed as follows:

Building		\$ 9,450,000
Furniture and equipment		2,450,000
Other expenditures:		
Bond service fees	\$ 150,000	
Bond reserve fund	448,000	
Construction loan fee	58,000	
Permanent loan fee	56,000	
Interest and property taxes during construction	1,155,000	
Pre-opening expense	300,000	
Working capital	160,000	
Cash flow shortfalls	366,000	2,693,000

Estimated investment requirement	<u>\$14,593,000</u>
----------------------------------	---------------------

Proposed Business Entity

The accompanying projected financial statements contemplate that a partnership will own the proposed hotel. This entity was selected because it provides increased tax advantages to the owners.

Proposed Financing Structure

Because of the restrictions placed on industrial revenue bonds that limit issues to \$5 million, two sources of permanent financing were assumed: a \$5 million revenue bond, in conjunction with an additional \$5,628,000 raised by conventional financing methods.

During the second year of construction, it was assumed that a \$5,848,000 loan would be available at 11% interest per annum, and that the proceeds from this loan would be applied evenly to construction costs over the one-year period. In the first year of construction, costs would be supported by the bond issued and by equity input.

PROPOSED HOTEL
FORT WAYNE, INDIANA
STATEMENT OF PROJECTED TAXABLE INCOME (LOSS)
FOR FISCAL YEARS 1979-1985

	1979	1980	1981	1982	1983	1984	1985
Estimated income before fixed charges			\$ 956,000	\$1,275,000	\$1,592,000	\$1,024,000	\$2,139,000
Add interest earned	<u>\$118,000</u>	<u>\$ 36,000</u>	<u>40,000</u>	<u>48,000</u>	<u>55,000</u>	<u>62,000</u>	<u>67,000</u>
	<u>118,000</u>	<u>36,000</u>	<u>996,000</u>	<u>1,323,000</u>	<u>1,647,000</u>	<u>1,086,000</u>	<u>2,206,000</u>
Estimated fixed charges:							
Construction loan service fee expense		58,000					
<i>seem high</i> Property taxes			92,000	165,000	246,000	512,000	543,000
Building insurance			33,000	37,000	40,000	44,000	49,000
Interest			1,016,000	1,009,000	1,002,000	993,000	983,000
Depreciation			1,086,000	910,000	778,000	679,000	610,000
Amortization of pre-opening expense			60,000	60,000	60,000	60,000	60,000
Amortization of interest and taxes during construction	58,000	94,000	152,000	152,000	152,000	152,000	152,000
Amortization of loan and bond service fees			7,000	7,000	7,000	7,000	7,000
	<u>58,000</u>	<u>152,000</u>	<u>2,446,000</u>	<u>2,340,000</u>	<u>2,285,000</u>	<u>2,447,000</u>	<u>2,404,000</u>
Estimated taxable income (loss)	<u>\$ 60,000</u>	<u>(\$116,000)</u>	<u>(\$1,450,000)</u>	<u>(\$1,017,000)</u>	<u>(\$ 638,000)</u>	<u>(\$ 561,000)</u>	<u>(\$ 190,000)</u>

The comments and assumptions contained in this report
are an integral part of this projected statement.

Equity capital requirements, beginning in fiscal 1979, the year in which construction begins, coupled with permanent financing were assumed as shown in the following schedule:

<u>Year</u>	<u>Bond issue</u>	<u>Permanent mortgage</u>	<u>Equity capital</u>	<u>Total</u>
1979	\$5,000,000		\$ 686,000	\$ 5,686,000
1980		\$5,628,000	2,857,000	8,485,000
1981			254,000	254,000
1982			111,000	111,000
Total	<u>\$5,000,000</u>	<u>\$5,628,000</u>	<u>\$3,908,000</u>	<u>\$14,536,000</u>

Total capital input does not equal total project costs as the interest earned on bond proceeds prior to expenditure satisfies a portion of the capital needs.

Interest on borrowed capital was calculated at the rates indicated in the accompanying notes to these projected financial statements. Constant-level monthly payments of principal and interest, beginning on January 1, 1981, were used in the calculation of debt-service requirements and interest expense for the initial five years of operation.

PROJECTIONS OF TAXABLE INCOME (LOSS)

The projections of taxable income (loss) for the proposed hotel are shown on the facing page.

SOURCES AND BASES OF PROJECTIONS

In addition to the information provided above, the projections of taxable income (loss) are based on information made available to us by the developers, local municipal authorities and the experience of comparable operations.

Interest Earned

Interest earned at the rate of 6% per annum was estimated to be earned on funds reserved for replacement of fixed assets and on bond proceeds prior to expenditure. Because of the terms of the bond reserve fund, interest earned on this account was calculated at 8% per annum.

Property Taxes

Real estate and personal property tax estimates, during the period of construction and the initial years of operation, were based on estimated assessed values, according to information provided by local municipal authorities. In addition, a tax abatement was assumed for the first five years of operation, as is stated in Indiana Public Law (I.C. 6-1.1-12.1), in which tax relief of 100% is assumed in 1979, 95% in 1980, 80% in 1981, 65% in 1982 and 50% in 1983. After 1983, full taxes will be incurred by the hotel operations.

Building Insurance

The estimate of building insurance during the period of construction is included in the estimated construction costs. For the initial years of operation, the cost was estimated from data for comparable operations.

Interest Expense

Interest expense was computed on the basis of a bond issue carrying a 30-year term, with a two-year principal moratorium during the construction period, at an interest rate of 8% per annum. Interest on the conventional loan was computed for a 30-year period at a rate of 11% per annum.

Depreciation

Depreciation was estimated from a composite 30-year life for the building and an 8-year life for furniture and equipment, beginning in fiscal 1981. Depreciation of the building was computed under the declining-balance method at 150% of the straight-line rate; the double-declining-balance method at 200% of the straight-line rate was used in the calculation of depreciation on furniture and equipment.

Amortization of Pre-opening Expense

Administrative, marketing, training, payroll, etc., expenses incurred in connection with opening the hotel during the period of construction and estimated at \$300,000 were projected to be amortized over a five-year period, at the rate of \$60,000 per year, beginning with the first year of operation.

Amortization of Interest and Taxes During Construction

For a partnership entity, as assumed herein, estimated interest and taxes paid during the construction period were amortized in accordance with the requirements of the present Internal Revenue Code.

Amortization of Loan and Bond Service Fees

Bond service fees were estimated at 3% of the bond issue and were amortized over the life of the issue. The loan service fee for the conventionally financed mortgage was estimated at 1% of the loan and was amortized over the life of the loan. In addition, the construction loan service fee was expensed over its life of one year.

PROPOSED HOTEL
FORT WAYNE, INDIANA
STATEMENT OF PROJECTED CASH FLOW
FOR FISCAL YEARS 1979-1985

last three 3% returns

	1979	1980	1981	1982	1983	1984	1985
Estimated taxable income (loss)	\$ 60,000	(\$ 116,000)	(\$1,450,000)	(\$1,017,000)	(\$638,000)	(\$561,000)	(\$198,000)
Add items not requiring funds but deducted from income:							
Depreciation			1,086,000	910,000	778,000	679,000	610,000
Amortization, pre-opening expense			60,000	60,000	60,000	60,000	60,000
Amortization of interest and taxes during construction	58,000	94,000	152,000	152,000	152,000	152,000	152,000
Amortization of loan and bond service fees		59,000	7,000	7,000	7,000	7,000	7,000
Other sources of funds:							
Construction loan		5,848,000					
Bond issue	5,000,000						
Permanent loan		5,628,000					
Equity contributions	606,000	2,857,000	254,000	111,000			
Replacement reserve fund				7,000	21,000	44,000	81,000
	<u>5,804,000</u>	<u>14,370,000</u>	<u>109,000</u>	<u>230,000</u>	<u>380,000</u>	<u>381,000</u>	<u>712,000</u>
Less items requiring funds but not deducted from income:							
Land cost							
Construction cost	4,725,000	4,725,000					
Interest and taxes during construction	406,000	749,000					
Purchase of furniture, fixtures and equipment		2,450,000	4,000	12,000	28,000	55,000	98,000
Pre-opening expense	75,000	225,000					
Working capital		160,000					
Replacement reserves, net			129,000	136,000	142,000	147,000	150,000
Payment of construction loan		5,848,000					
Principal payments on debt			75,000	82,000	89,000	98,000	108,000
Loan and bond service fees	150,000	114,000					
Bond reserve fund	448,000						
	<u>\$ 5,804,000</u>	<u>14,271,000</u>	<u>208,000</u>	<u>230,000</u>	<u>259,000</u>	<u>300,000</u>	<u>356,000</u>
Projected cash flow	\$ 99,000	(\$ 99,000)	\$ -	\$ -	\$121,000	\$ 81,000	\$356,000
Cumulative cash flow	\$ 99,000				\$121,000	\$202,000	\$558,000

Investment Tax Credit

According to the present provisions of the Internal Revenue Code, investment tax credit was estimated as follows:

<u>Year</u>	<u>Investment tax credit</u>
1980	\$245,000
1981	
1982	1,000
1983	3,000
1984	6,000
1985	\$ 10,000

The credits noted above would be available to the owners of the proposed hotel.

CASH FLOW PROJECTIONS

The projections of cash flow are shown on the facing page. These projections reflect the cash flow available for payment of income taxes and for distribution to the owners.

Sources and Bases of ProjectionsLand Cost

It was assumed that land would be contributed at no cost to the proposed hotel.

Working Capital

Working capital requirements were estimated from the experiences of similar projects.

Replacement Reserves

Reserves for the replacement of fixed assets were based on \$300 per room in 1978 dollars, estimated from the experiences of similar properties. An increasing portion of these funds is assumed to be expended in each operating year.

Bond Reserve Fund

This fund is estimated to equal the maximum future annual debt-service requirement on the bond issue.

Principal Payments on Debt

Principal payments on the bond and mortgage were based on the parameters discussed previously.

LAVENTHOL & HORWATH



CERTIFIED PUBLIC ACCOUNTANTS

111 EAST WACKER DRIVE
CHICAGO, IL 60601
(312) 644-4570

A MEMBER OF
HORWATH & HORWATH INTERNATIONAL
WITH AFFILIATED OFFICES WORLDWIDE

March 5, 1980

Mr. Tom Van Housen
Landmark
One Appletree Square
Bloomington, Minnesota 55420

Dear Mr. Van Housen:

Pursuant to our engagement letter, we have reviewed the statement of operating projections and statement of project cost and financing for the 351-room Radisson Hotel proposed for Fort Wayne, Indiana. These statements were reviewed in conjunction with the projections prepared by our firm in our report entitled "Market Area Analysis and Financial Projections for a Proposed Convention Center and Hotel in Fort Wayne, Indiana", dated August 1978.

It is to be noted that our August 1978 report was prepared for the Fort Wayne Development Commission for purposes of attracting a developer for the proposed hotel component. As such, it necessarily required assumptions that allowed for a range of developers, operators, types and quality of facilities, as well as other factors which might affect the operation of the proposed hotel.

March 5, 1980

Your firm was subsequently selected as the potential developer of the project. As a result of that selection, several factors have evolved which may have an impact on the proposed hotel's operating characteristics. These items are presented in the following paragraphs.

Landmark has previously been involved in the development of convention-oriented lodging facilities in other areas of the country. Its existing facility, the Hyatt Regency Lexington, and a planned facility, the Hyatt Regency Flint (presently under construction), provide evidence of the quality of facilities with which the firm is involved. This is a key factor in the analysis of the ability of the proposed project to penetrate the existing lodging market, as well as to generate new demand in the Fort Wayne area.

Landmark has reached a preliminary agreement with Radisson Hotel Corporation whereby the latter would manage the proposed hotel. This would provide the subject facility with national affiliation and managerial support. In addition, Radisson is generally perceived by the traveling public to be above the median level of hotel chains in terms of quality, image and orientation to the group and commercial market segments.

We have been involved in recent meetings with the Fort Wayne Redevelopment Commission, the Allen County Convention Center Authority and Landmark to review plans for the proposed hotel and

convention center. The present program of an integrated facility is typically considered superior, from a marketing standpoint, to the concept of two independent facilities.

It was also concluded from these meetings that there is continued support for the proposed project on the part of the major employers in the Central Business District.

Several factors included in our August 1978 report should be noted in any comparison of our original projections with those of your firm. We assumed that the proposed hotel would open in January 1981, whereas your projections indicate a 1983 opening. Accordingly, there would be an additional two years of growth in demand before your proposed opening. If it is assumed that there will be no changes in the supply and demand characteristics, as presented in our August 1978 report, this factor would indicate increased utilization of the proposed hotel.

It should also be noted that the published rate structures of the area have increased substantially since our field work was performed. The Marriott Inn has increased its published low single rate 35.5%, from \$31 to \$42, and its low double rate 28.2%, from \$39 to \$50, since our August 1978 report. Similarly, the Holiday Inn has increased its published low single rate 37.9%, from \$29 to \$40, and its low double rate 25.0%, from \$36 to \$45. While these factors do not necessarily translate directly into increases in the average rate per occupied room, they are indicative of the aggressive pricing policies of area hotels.

Our August 1978 report also assumed a modest 5% premium in average rate over the then-existing rate leader. Working within the constraints of an unknown product and operator, this premium was considered achievable. It is possible, however, considering the operator and the quality of facility proposed, that an additional premium could be garnered. Without performing additional fieldwork to determine the existing rate-sensitivity in the area and the effect that the substantial rate increases have had on utilization, we are unable to comment on the achievability of the average rates which you have projected. However, considering recent industry trends nationally, we would not conclude that your projections are prima facie unreasonable.

On the basis of a cursory review of your projections of revenues and expenses in relation to the percentage occupancy and average rate, and considering operating characteristics of similar types and styles of facilities, the projections do not appear unreasonable.

This letter is based on estimates, assumptions and other information developed from our original research of the market (as input for our August 1978 report), knowledge of the industry and meetings with you during which you provided us certain information. We did not perform any market research, other than with information which is public, since the release of our August 1978 report.

March 5, 1980

Since our letter is based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not present them as results that will actually be achieved.

Our letter is intended solely for your use and in support of an application with a lending institution for financing the proposed project. It may also be submitted to a hotel franchisor or management firm in order to generate interest in licensing or managing the property. Otherwise, neither the letter nor its contents may be referred to or quoted in any registration statement, prospectus, loan, or other agreement or document.

Very truly yours,

Laventhol & Horwath

EXHIBIT 3

DESCRIPTION OF APPLETREE ENTERPRISES

EXHIBIT 4a

DESCRIPTION OF LINCOLN NATIONAL LIFE INSURANCE CO.

EXHIBIT 4b

DESCRIPTION OF CAPITAL REALTY INVESTMENT

3/27/80

MANAGEMENT AGREEMENT

This Agreement is made on this 28th day of MARCH, 1980 between HOTEL ASSOCIATES OF FORT WAYNE ("Owner"), an INDIANA LIMITED PARTNERSHIP, and RADISSON HOTEL CORPORATION ("Operator"), a New Jersey corporation having an office at Minneapolis, Minnesota;

In consideration of the undertakings and covenants herein contained Owner and Operator agree as follows:

ARTICLE I

THE HOTEL

Section 1.1 Proposed Hotel. Owner proposes to construct a hotel (the "Hotel") in Fort Wayne, Indiana on the property being legally described on the attached Exhibit A in accordance with plans and specifications hereinafter referred to; will decorate and furnish the Hotel or cause it to be decorated and furnished with furniture, furnishings, light fixtures, outfittings and equipment ("Furniture and Equipment") customarily installed in a first-class hotel of like character; and will equip the Hotel or cause it to be equipped with all necessary chinaware, glassware, linens, silverware, uniforms, utensils and other similar items ("Operating Supplies"); and

Section 1.2 Engagement of Operator to Operate Hotel. Owner hereby engages Operator as the exclusive operator of the Hotel, and Operator hereby undertakes and agrees to perform all of the

services and to comply with all of the provisions of this Agreement, upon all of the terms and conditions hereinafter set forth.

ARTICLE II

CONSTRUCTION OF HOTEL AND INSTALLATIONS

Section 2.1 Approximate Cost. Owner agrees to construct on the premises with all reasonable diligence at its own expense, a first-class hotel containing approximately 350 rooms, appropriate landscaping, restaurants, lounges, meeting rooms, parking spaces, swimming pool and other related facilities required for a first-class hotel, and all further facilities and appurtenances necessary or desirable, in accordance with final plans, specifications and designs hereinafter in this Article provided. Owner and Operator contemplate that such first-class facilities, land, and all attendant expenditures preparatory to bringing the Hotel to operating readiness, can be provided at an aggregate approximate cost of \$23,500,000.00. The allocation of said aggregate amount to the cost of construction of the Hotel and to the cost of purchasing the Furniture and Equipment and Operating Supplies and other costs shall be determined by the parties hereto within a reasonable period of time prior to the commencement of construction. All parties engaged in planning, construction and organization shall be advised of such limitation and directed to work within such amount, if at all possible. If such limitation proves to be inadequate, the Owner shall not be obligated to commence construction if notice of such inadequacy is given by Owner to Operator within 20 days after all bids for the con-

struction of the Hotel have been received. Such notice by the Owner shall constitute a notice of termination of this Agreement under Section 17.2 hereof.

Section 2.2 Engagement of Specialists. The Owner agrees to engage and retain, at its expense, a firm or firms of architects, contractors and such engineers, designers, decorators, landscape architects and other specialists and consultants as shall be necessary and appropriate. Owner agrees to engage Operator's affiliate CSA, Inc. under the provisions of the Design Agreement attached as Exhibit B.

Section 2.3 Approval of Owner's Plans. Owner shall submit the following to Operator for approval as soon as available: (i) preliminary design plans, (ii) design development plans and specifications and (iii) all final plans, layouts, specifications, drawings and designs. Any changes in or departures therefrom subsequently made or authorized shall be subject to the final mutual approval in writing of the parties hereto prior to calling for bids. If Owner constructs a Hotel that departs from what Operator approved, Operator can terminate this agreement under Section 17.2.C.6.

Section 2.4 Design of Furniture and Equipment. Subject to approval by Owner, Operator shall decide the class, character, quality, and quantity, of the Furniture and Equipment and the Operating Supplies. The approved selection shall not be changed without the consent of the Operator and Owner. The decor of said Hotel shall also be decided by Operator, subject to the approval of Owner.

Section 2.5 Approvals. Whenever Owner's or Operator's approval is required under this Article, such approval shall not be unreasonably withheld, and the reasonableness of either Owner or Operator in withholding such approval shall be determined in recognition of the fact that Operator is experienced in the fields of hotel planning, decorating, furnishing and equipping, and operations, and in recognition of the additional fact that Owner is obligated to construct, furnish and equip a first-class hotel containing all facilities and appurtenances within the overall estimated cost established therefore.

Section 2.6 Avoidance of Delays. Since time is of extreme importance to financing costs during construction and the future financial well-being of the Hotel, Owner and Operator agree that any undue delay in arriving at the "Opening Date" must be avoided. Owner shall keep Operator advised as to the dates for completion of preliminary drawings, final working drawings, letting of bids, and "Opening Date", and provide reasons for any revisions that occur.

ARTICLE III

OPENING DATE

Section 3.1 Opening Date. The Hotel shall be deemed ready for operation ("Opening Date") when it is substantially completed and the Furniture and Equipment and Operating Supplies shall have been substantially installed therein in accordance with the provisions of Article II and the Hotel shall be ready to receive and render first-class service to guests and when all licenses

and permits required for the operation of the Hotel, including liquor and restaurant licenses, shall have been obtained. If Owner and Operator cannot agree upon the Hotel being ready as aforesaid, the same shall be determined in accordance with the criteria specified in this Article, by the architect who shall have supervised and directed construction of the Hotel and by the fact of issuance of a certificate of occupancy by the proper authority.

ARTICLE IV

PRE-OPENING AND OPENING SERVICES BY OPERATOR

Section 4.1 Services to be Performed by Operator. Operator shall perform the following pre-opening and opening services:

- a. Recruit, train, direct and employ an initial staff for the Hotel in the name of and on behalf of Owner.
- b. Initiate and prosecute promotion, publicity and other like functions designed to attract guests to the Hotel on and after the date selected by the Operator, subject to the Owner's approval, for the Opening Date.
- c. Negotiate leases, licenses and concession agreements for stores, office space and lobby space at the Hotel subject to Owner's approval. All leases, licenses or concessions shall be in Owner's name and executed only by officers of Owner on its behalf.
- d. Apply for, process and take all necessary steps to procure (in Owner's name, or, if required by the issuing authority, in Owner's and/or Operator's name) all licenses and permits required for the operation of the Hotel, and its related facilities including, without limitation, liquor and restaurant licenses.
- e. Do all other things necessary for the proper opening of the Hotel, including, without limiting the foregoing, the purchase of all inventories, supplies and provisions with funds from the Agency Account (as defined in Section 10.1).

Section 4.2 Opening Budget and Pre-Opening Expenses. All expenses incurred in performing the foregoing services described in Section 4.1, including travel and other out-of-pocket expenses of Operator's staff, and the staff of Operator's affiliates, pre-opening payroll charges for the manager and other Hotel personnel, the cost of pre-opening advertising, promotion and publicity, the cost of suitable inaugural ceremonies, and any other costs reasonably incurred in connection with such opening shall be paid for by the Owner. Operator will submit, at least 6 months prior to the expected Opening Date, a budget setting forth the approximate cost of pre-opening activities specified in this Article, which shall be subject to Owner's approval, and which shall not be exceeded without Owner's consent. All costs within said budget shall, upon approval of the budget, be paid for by Owner within 28 days after submission of four-weekly statements by Operator.

Section 4.3 Technical Assistance Fee. Upon execution of this Agreement by Owner, Owner will pay to Operator \$75,000 as a technical assistance fee in payment for Operator's services in consulting with Owner's architect, preparation and updating of financial projections for the Hotel, preparation and updating the marketing program for the Hotel, preparation of operating manuals for the several departments of the Hotel and the Operator's other services performed by Operator pursuant to Section 4.1. This payment will be non-refundable and will be in addition to all other amounts payable by Owner to Operator under this Agreement.

ARTICLE V

OPERATION OF THE HOTEL ON AND AFTER OPENING DATE

Section 5.1 Management by Operator. On and after the Opening Date, the Operator shall have the exclusive right and duty to direct, supervise, manage and operate the Hotel in an efficient and economical manner and determine the programs and policies to be followed in connection therewith, all in accordance with the provisions of this Agreement. However, Operator agrees to consult with the Owner on all major programs and policy matters relating to the Hotel.

Section 5.2 Duties of Operator. Without limiting the generality of the foregoing, Operator shall be and is hereby granted the authority to do the following:

- a. In the name and on behalf of the Owner to employ, pay, supervise, and discharge all employees and personnel necessary for the operation of the Hotel, including the manager of the Hotel. Each person so hired shall be the employee of Owner and not of Operator except that the Hotel manager and other executive personnel may, at Operator's option, be on the payroll of Operator and their salaries and other related expenses charged to the Hotel's operation.

To the extent that Operator deems advisable and in Owner's best interests, such authority to employ, pay, supervise and discharge, or any part thereof, may be delegated by Operator to one or more persons in its general employ or to the manager of the Hotel. Each person to whom any such duty is delegated shall be the agent of Owner and not of Operator for the purpose of employing, paying, supervising and discharging.

Every person performing services in connection with this Agreement, including any agent or employee of Operator, or any agent or employee of Owner hired by Operator, shall be acting as the agent of the Owner.

- b. Supervise and maintain complete books and records, including without limitation, the books of accounts and accounting procedures of the Hotel.
- c. Negotiate leases, license and concession agreements for stores, office space and lobby space at the Hotel, subject to Owner's approval. All such leases, licenses or concessions shall be in Owner's name and executed only by officers of Owner on its behalf.
- d. Within the funds available or made available for this purpose pursuant to the terms hereof, keep the Hotel, the Furniture and Equipment and Operating Supplies in good order, repair and condition, including, without limitation, making necessary replacements, improvements, additions and substitutions to the end that the Hotel shall be maintained and adequately furnished as a first-class, modern hotel.
- e. Negotiate and enter into, on behalf of Owner, service contracts required in the ordinary course of business in operating the Hotel, including, without limitation, contracts for electricity, gas, telephone, detective agency protection, vermin extermination, water, steam, cleaning, elevator and boiler maintenance, airconditioning maintenance, master television service, laundry and dry cleaning, and other services which Operator deems advisable. However, no contract with a duration in excess of 3 years or involving an expenditure of more than \$5,000 per annum in the aggregate shall be entered into without Owner's approval.
- f. Negotiate, on Owner's behalf, with any labor union entitled to represent the Hotel employees, but collective bargaining agreements or labor contracts resulting therefrom shall be first approved by Owner, as employer authorized to execute the same.
- g. Supervise and purchase or arrange for the purchase in the most economical manner of all inventories, provisions, Furniture and Equipment and Operating Supplies, which, in the normal course of business, are necessary and proper to maintain and operate the Hotel. In Operator's discretion, all or any part of such purchases may be made in Operator's or Owner's name. The cost of any such item purchased in Operator's name through Operator's Central Purchasing Department shall include a purchasing fee in an amount equal to 5% of the invoiced cost of such item.

- h. Operator shall prepare and submit to Owner at least 60 days prior to the end of each fiscal year a proposed budget for the next succeeding fiscal year, including estimates of all amounts needed for the following expenses: administrative and general; advertising and sales promotion; heat, light and power; repairs and maintenance; and expenses for the rooms, food and beverage, and other operating departments of the hotel (the "Operating Budget"). Owner shall have 30 days to object in writing to all or any portion of the proposed Operating Budget, and unless Owner makes such an objection the proposed Operating Budget shall become the Operating Budget for the next fiscal year. If any such objections cannot be resolved by Owner and Operator before the end of the fiscal year, the Operating Budget for the immediate preceding fiscal year shall remain in effect and Operator shall have the right to make any expenditures necessary to keep the operating of the Hotel from deteriorating.

At Owner's option Operator will within 30 days after the end of each Accounting Period (as defined in Section 11.1), submit to Owner a report showing actual income and expenses versus the income and expenses projected in the Operating Budget and an explanation of all material variances from the Operating Budget in Operator's Standard Deviation Report

Section 5.3 First-Class Operation. Operator shall operate the Hotel and all of its facilities and activities in the same manner as is customary and usual in the operation of a first-class hotel, including supervisory services (which shall be rendered at Operator's own expense as set forth in Section 8.1), and, in any event, shall provide such facilities and services at the Hotel as are normally provided by operators of hotels of comparable class and standing consistent with the Hotel's facilities. Operator shall not sublease or grant concessions with respect to any such services or facilities except that Operator shall have the right to lease or sublease or grant concessions of commercial space for

services customarily subject to sublease or concessions in comparable first-class hotels. The phrase, "customarily subject to sublease or concessions" shall be deemed to exclude the bar and restaurant facilities of the Hotel, which shall be operated by the Operator, except with Owner's approval.

Section 5.4 Employee Benefit Plan. Owner agrees to adopt (or form a subsidiary to adopt) for its employees (or the employees of such subsidiary) "Employees' Savings and Profit Sharing Plan and Trust Agreement of Carlson Affiliated Companies (as restated as of January 1, 1976)". Operator agrees that no contribution shall be made on behalf of Owner's employees (or the employees of Owner's subsidiary) without the prior consent of the Owner.

ARTICLE VI

ADVERTISING AND SALES PROMOTION

Section 6.1 Advertising to be Arranged by Operator. Operator shall arrange and contract for all advertising and promotion which Operator may deem necessary for the successful operation of the Hotel.

Section 6.2 Joint Advertising and Sales Promotion. It is understood and agreed that where advertising or sales promotion for the Hotel is supplied in conjunction with advertising for other of Operator's owned, operated or affiliated hotels or motels, the cost of such advertising or sales promotion shall be prorated to the Hotel and the other hotels and motels benefitted thereby on a per room basis; provided, however, that within the total advertising and promotion budget for such fiscal year

the cost of such joint advertising and sales promotion allocated to the Hotel shall not exceed one-third (1/3) thereof.

Section 6.3 Limit on Advertising Expenditures. No expense for advertising and promotion in excess of the expense projected in the Operating Budget for any fiscal year shall be incurred or contracted for by Operator without Owner's approval.

ARTICLE VII

OPERATING EXPENSES BORNE BY OWNER

Section 7.1 Expenses Incurred by Operator on Behalf of Owner. Everything done by Operator in the performance of its obligations and all expenses incurred under this Agreement shall be for and on behalf of Owner and for its account except the services referred to in Sections 8.1 through 8.4, which shall be rendered and performed by Operator at Operator's expense.

Section 7.2 Debts and Liabilities to Third Parties. All debts and liabilities arising in the course of business of the Hotel are and shall be the obligations of Owner, and Operator shall not be liable for any of such obligations by reason of its management, supervision and operation of the Hotel for Owner.

ARTICLE VIII

EXPENSES TO BE BORNE BY OPERATOR

Section 8.1 Supervisory Services of Operator. Upon commencement of operations after the Opening Date, the supervisory services of Operator's corporate officers and employees other than those regularly or temporarily employed on a full-time basis at the

Hotel, and specifically including its administrative or department heads of maintenance, housekeeping, decoration and design, public relations, advertising, food and beverage operations, entertainment, sales promotion, forecasting and operations analysis, staff planning, accounting and reservations, all to be rendered in connection with the operations of the Hotel, and exclusive of any special projects, shall be provided by Operator at its own expense and not charged to Owner, except as otherwise specifically provided for in this Agreement, including, without limitation, the out-of-pocket expenses as may be chargeable to the operations of the Hotel pursuant to Section 12.4(f).

Section 8.2 Services by Independent Contractors. If Operator does not employ any of the supervisory employees of the type listed above, Operator will provide comparable services from others at Operator's expense.

Section 8.3 Salaries of Operator's Officers and Employees. Without limiting the generality of all of the foregoing, Owner shall not be charged with the salaries or wages of any officers, directors or employees of Operator or any of its affiliated or subsidiary companies except as otherwise specifically provided in this Agreement, or except with such personnel who shall be regularly or temporarily employed on a full-time basis at the Hotel.

Section 8.4 Credit Card and Reservation Systems. Operator, at its own expense, shall provide or cause its affiliated or subsidiary companies to provide for the Hotel and its guests the full benefit and advantages of existing inter-hotel reservation and credit card systems, except that Owner shall be charged (i)

for such costs of reservation equipment, credit cards and line charges directly allocable to the Hotel, including installation charges and (ii) for each reservation originated through any incoming WATS line maintained by or for Operator at the rate per reservation charged the hotels owned by Operator.

Section 8.5 Allocation of Costs. The allocation of the costs of the services set forth in this Article VIII between the Operator and the Owner shall be determined by Independent Auditor (as defined in Section 12.2).

ARTICLE IX

COMPLIANCE WITH LAWS

Section 9.1 Compliance by Operator. Operator shall make all reasonable efforts, in the name of and at expense of and with the cooperation of Owner, to comply with and abide by laws, rules, regulations, requirements, orders, notices, determinations and ordinances of any federal, state or municipal authority, including, without limiting the foregoing, the state and local liquor authorities, the Board of Fire Underwriters and the requirements of any insurance companies covering any of the risks against which the Hotel is insured. If the cost of compliance exceeds \$1,000 in any instance, Operator shall promptly notify Owner.

Section 9.2 Right of Owner to Contest or Postpone Compliance. With respect to a violation of any such laws, rules, etc., the Owner shall have the right to contest any of the foregoing and postpone compliance pending the determination of such contest, if so permitted by law and not detrimental to the operation of the

Hotel, but in such event, Owner shall protect Operator from any loss, cost, damage or expense, as a result thereof.

ARTICLE X

BANK ACCOUNT AND DISBURSEMENT OF FUNDS - WORKING CAPITAL

Section 10.1 Agency Account. All monies received by Operator in the operation of the Hotel, including working capital furnished by Owner, shall be deposited in a special account or accounts ("Agency Account") in Owner's name in a bank or trust company, selected by Owner and approved by Operator in the City of Fort Wayne, Indiana. Such monies shall not be mingled with Operator's or Owner's funds.

Section 10.2 Disbursement of Funds. Out of such Agency Account, Operator shall pay all operating expenses of the Hotel in accordance with the provisions of this Agreement. However, no payments shall be made, without Owner's consent (a) for any expense which, under the provisions of this Agreement, requires Owner's consent and approval, or (b) to Operator or any of Operator's affiliated or subsidiary companies except expenses which are permitted deductions or expenditures under this Agreement.

Section 10.3 Working Capital. Prior to the Opening Date, and thereafter, from time to time if and as required, Owner shall furnish to Operator monies sufficient in amount to constitute sufficient "Working Capital" for the opening and operation of the Hotel. "Working Capital" shall consist of the following: (i) the current food and beverage inventory, carried at cost, (ii) the amount by which estimated accounts receivable for the next succeeding

Accounting Period exceed the estimated accounts payable for the next Accounting Period and (iii) cash in Agency Account.

Section 10.4 Reserve Fund Account. In addition to the Agency Account, an account shall be established under the same conditions for the Reserve Fund for Replacements, Substitutions and Additions to Furniture and Equipment as specified in Section 18.2.

Section 10.5 Withdrawals from Bank Accounts. Checks or other documents of withdrawal shall be signed by representatives of the Operator only, provided such representatives are bonded or otherwise insured, and Operator shall supply Owner with bonds or other insurance unless said bond or other insurance shall have been placed by Owner and delivered directly by the bonding or insurance company to Owner.

Section 10.6 Remittances to Owner. From time to time and at least every five weeks, Operator shall remit to Owner all sums in the Agency account in excess of the amount required for sufficient Working Capital.

ARTICLE XI

BOOKS, RECORDS AND STATEMENTS

Section 11.1 Accounting System. Operator shall keep full and adequate books of account and other records reflecting the results of operation of the Hotel on an accrual basis, all in accordance with the "Uniform System of Accounts for Hotels (7th revised edition, 1977)" as revised from time to time, published by the American Hotel Association of the United States and Canada

("Uniform System"). The fiscal year used by Operator will consist of twelve accounting periods of varying length from 29 to 34 days ("Accounting Periods"). The books of account and all other records relating to, or reflecting the operation of, the Hotel shall be kept at the Hotel and shall be available to Owner and its representatives at all reasonable times for examination, audit, inspection and transcription. All of such books, records, including, without limitation, books of accounts, guest records and front office records, at all times shall be the property of Owner and shall not be removed from the Hotel by Operator without Owner's approval and consent. Upon any termination of this Agreement, all of such books and records forthwith shall be turned over to Owner so as to insure the orderly continuance of the operation of the Hotel, but the books and records shall thereafter be available to the Operator at all reasonable times for inspection, audit, examination and transcription.

Section 11.2 Statements. Operator shall deliver to Owner at or prior to the end of each Accounting Period a profit and loss statement showing the results of the operation of the Hotel for the immediately preceding Accounting Period and the fiscal year to date and a balance sheet as of the close of the preceding Accounting Period. Such statement shall (i) be taken from the books and records maintained by Operator at the Hotel, and (ii) follow the general form set forth in the Uniform System. Operator shall cooperate with the Independent Auditor, so as to allow the Independent Auditor to deliver to Owner within 110 days after the end of each fiscal year a profit and loss statement, certified by the

Independent Auditor showing the results of operations of the Hotel during such fiscal year, and the Gross Operating Profit (as defined in Section 12.4), if any, for such fiscal year and a certified balance sheet for the Hotel as of the close of such fiscal year. Any disputes as to the contents of any such statements or any accounting matter hereunder, shall be determined by the Independent Auditor whose decision shall be final and conclusive on Operator and Owner.

ARTICLE XII

DEFINITIONS

Section 12.1 Fiscal Year. The words "fiscal year" as used in this Agreement shall mean each twelve-month period ending on each December 31 during the term hereof, except that the first fiscal year shall be that period commencing on the Opening Date and ending on the next succeeding December 31.

Section 12.2 Independent Auditor. Wherever reference is made in this Agreement to the Independent Auditor, it shall mean a reputable national firm of independent certified public accountants having hotel experience, selected by Operator from time to time and approved by Owner.

Section 12.3 Gross Operating Income. The words "Gross Operating Income" as used in this Agreement shall mean all income and sales of every kind resulting from the operation of the Hotel and all of its facilities (except applicable sales tax collections and telephone charges) including, without limitation, all income received from tenants, subtenants, transient guests, licensees

and concessionaires and other persons occupying space at and/or rendering services to the Hotel guests.

Section 12.4 Gross Operating Profit. The words "Gross Operating Profit" as used in this Agreement (and referred to in the "Uniform System" as "Income Before Fixed Charges") shall mean the excess, during each fiscal year (and proportionately for any period less than a fiscal year), of Gross Operating Income over expenses and permitted deductions in the operation of the Hotel during such period, determined in accordance with the accounting system established by the "Uniform System" (except as modified by this Agreement) by the Independent Auditor. In arriving at Gross Operating Profit, only the following expenses shall be proper deductions from Gross Operating Income insofar as they relate to the operation of the Hotel and its facilities:

- a. Cost of sales; salaries, wages and employee benefits permitted hereunder; departmental (except for telephone department expenses attributable to room phones), administrative and general expenses; payroll taxes and employee related expenses; and charges for heat, water, light, power and other utilities and services. Operator, at its election, may cause the General Manager, Resident Manager, Food and Beverage Director, Controller or Director of Sales of the Hotel to be employed by it or any subsidiary or affiliated company, in which case his salary, payroll tax and other benefits shall be billed by said company to and be reimbursed by the Hotel monthly. Such reimbursement shall be a deductible expense.
- b. Repairs to and maintenance of the Hotel (excluding capital improvements).
- c. Insurance premiums for public liability policies and fidelity bonds.
- d. Legal fees and fees of any independent certified public accountant for services directly relating to the operation of the Hotel and its facilities.

- e. Expenditures for advertising, sales promotion and public relations. Where advertising for the Hotel is supplied in conjunction with advertising for other of Operator's owned, managed or affiliated hotels or motels, the cost of such advertising shall be prorated on a per room basis in accordance with Section 6.2.
- f. All out-of-pocket disbursements and expenses determined by the Independent Auditor as having been reasonably and properly incurred by Operator pursuant to, and in the course of and directly related to the due management and operation of the Hotel under this Agreement. Without limiting the generality of the foregoing, such charges may include all reasonable costs of travel, meals, lodging, telephone, telegram, radiogram, cablegram, air express and other similar expense, but shall not include any of the regular expenses of the office maintained by Operator other than as provided for herein.
- g. The Corporate Fee at the rate provided for in Section 15.1.

ARTICLE XIII

OPERATOR NOT OBLIGATED TO ADVANCE FUNDS

Section 13.1 Operator Not Obligated to Advance Funds.

Operator shall not be obligated to advance any of its own funds to or for the account of Owner, nor to incur any liability unless Owner shall have furnished Operator with funds necessary for the discharge thereof. However, if Operator shall have advanced any funds in payment of a permitted expense in the maintenance and operation of the Hotel, Owner shall reimburse Operator therefor on demand.

ARTICLE XIV

INSURANCE

Section 14.1 Insurance Coverage. Owner shall provide and maintain, at Owner's cost and expense, insurance sufficient to furnish to Owner and Operator reasonable and adequate protection

in the management and operation of the Hotel. Such insurance shall provide at least the coverage set forth of the attached Exhibit C and shall include (i) fire and extended coverage insurance on the buildings and contents, in an aggregate amount which shall not be less than 80% of the full replacement value thereof and in no event below the minimum amount necessary to avoid the effect of coinsurance provisions of such policies, (ii) such other or additional insurance and in such amounts as Operator and Owner shall agree upon with respect to the buildings and contents, and the operation of the Hotel, and (iii) workmen's comprehensive insurance and general public liability insurance against claims for personal injury, death or property damage in the same amounts as generally carried on hotels owned or operated by Operator or such other amounts as the Operator and Owner shall reasonably agree upon, said insurance to be in such form as shall be reasonably satisfactory to Owner and Operator. Such fire policies shall provide that the loss, if any, payable thereunder shall be adjusted with and payable to Owner. All insurance shall be in the name of Owner and Operator as the insured and shall contain riders and endorsements adequately protecting the interest of Operator as it may appear including, without limitation provisions for at least 10 days' notice to Operator of cancellation or of any material change therein.

Section 14.2 Waiver of Subrogation - Owner Assumes Risk of Adequacy. Owner shall have all policies of insurance provide that the insurance company will have no right of subrogation

against either party hereto, their agents or employees. Owner assumes all risks in connection with the adequacy of any insurance or self-insurance program, and waives any claim against Operator for any liability, costs or expenses arising out of any uninsured claim, in part or in full, of any nature whatsoever.

ARTICLE XV

MANAGEMENT FEE OF OPERATOR

Section 15.1 Corporate Fee. During each fiscal year after the Opening Date (and for a fraction of any partial fiscal year), in consideration of the corporate services Operator is to render under this Agreement, Operator will be paid a corporate fee ("Corporate Fee") at the rate of three 3% percent of Gross Operating Income per annum. The Corporate Fee will be payable in installments on the last day of each Accounting Period after the Opening Date at the rate of 3% of Gross Operating Income for that Accounting Period. At the end of each fiscal year following the annual audit, an adjustment will be made, if necessary, so that the Corporate Fee shall equal 3% of Gross Operating Income for the fiscal year covered by such audit, and all sums due either the Operator or Owner shall be paid immediately. "Corporate Services" are services of a type provided for all hotels operated by Operator and are performed by personnel not normally located at the Hotel, and they include consulting, planning, policy making, executive supervision, budget advice, personnel and employee relations and benefit administration, trademark protection, research and development information not otherwise allocated among hotels owned or

operated by Operator or its affiliated companies, and the services of Operator's technical, operational and marketing experts making periodic inspections and consultation visits to the Hotel.

Section 15.2 Incentive Fee. During each fiscal year after the Opening Date (and for a fraction of any partial fiscal year) in consideration of management services Operator is to render under this Agreement an incentive fee ("Incentive Fee") at the rate of 10% of the Gross Operating Profit per fiscal year payable on the last day of each accounting period after the Opening Date at the rate of 10% of the Gross Operating Profit for that Accounting Period. At the end of each fiscal year following the annual audit, an adjustment will be made, if necessary, so that the amounts paid under this Section 15.2 shall equal 10% of Gross Operating Profit for the fiscal year covered by such audit, and all sums due either Operator or Owner shall be paid immediately.

ARTICLE XVI

THE NAME RADISSON

Section 16.1 Use of Name Radisson. During the term of this Agreement, the Hotel shall at all times be known and designated as the "Radisson Fort Wayne" or such other name as, from time to time, may be selected by the Operator, subject to the approval of Owner.

Section 16.2 Rights on Termination. Upon the termination of this Agreement, such portion of the name as does not contain the word "Radisson and the right to the use thereof shall continue to be the exclusive property of Owner. It is recognized, however,

that the name, trade name, trademark and service mark "Radisson" when used alone or in conjunction with some other word or words, and the Radisson crest, trademark and service mark, when used alone or in conjunction with some other design, are the exclusive property of Operator. Accordingly Owner agrees that no right or remedy of Owner for any default of Operator or delivery of possession of the Hotel to Owner upon the expiration or sooner termination of this Agreement, shall confer, nor shall any provision of this Agreement confer, upon the Owner, or any transferee, assignee or successor of the Owner, or any person, firm or corporation claiming by or through the Owner, the right to use the name, trade name, trademark and service mark "Radisson", either alone or in conjunction with some other word or words, or the Radisson crest, trademark and service mark either alone or in conjunction with some other design, in the use and operation of the Hotel by the Owner, or any transferee, assignee or successor of Owner, or any person, firm or corporation claiming by or through the Owner. In the event of any breach of this covenant by the Owner, then Operator shall be entitled to damages or relief by injunction and to any other right or remedy at law or equity, and this provision shall be deemed to survive the expiration or sooner termination of this Agreement.

Section 16.3 Use of Operating Supplies on Termination.

Anything contained hereinabove in this Article to the contrary notwithstanding, upon the expiration or earlier termination of this Agreement, the Owner shall have the right to use in connection

with the operation of the Hotel any and all items of Operating Supplies bearing the name "Radisson" or the Radisson crest, but shall not reorder any such items. However, if within 15 days after termination of this Agreement, Operator offers to buy any or all of said Operating Supplies bearing the name Radisson or the Radisson crest, trademarks, emblems, insignias, slogans or distinguishing characteristics, at fair market value, Owner shall cease to use same and shall sell same to Operator. In the event of any dispute as to such fair market value, the Independent Auditor shall determine said value. Removal of the Radisson name shall be at Operator's cost.

ARTICLE XVII

TERM OF AGREEMENT AND TERMINATION

Section 17.1 Term. This Agreement shall be for a period commencing on the date first hereinabove set forth and terminating at the end of the fiscal year in which the 30th annual anniversary of the Opening Date occurs.

Section 17.2 Early Termination. This Agreement can be terminated earlier as described in this Section 17.2 and if either party exercises its right to terminate early, the rights and obligations of the parties will cease except as to management fees of the Operator and claims for mismanagement or non-performance by the Owner against the Operator and other claims or liabilities of either party which accrued or arose before termination.

a. Either Party can terminate:

1. If the Gross Operating Profits of the Hotel for any three consecutive fiscal years (after the

first five fiscal years) during the term of this Agreement shall average less than \$5,000.00 a room per fiscal year, either party may terminate this Agreement provided that (a) notice of termination shall be given within 60 days after receipt by Owner of the certified profit and loss statements for all such fiscal years, and (b) the notice shall specify a termination date not less than 60 days nor more than 90 days after giving of such notice.

2. Upon such damage to or destruction of the Hotel or condemnation thereof as specified in Sections 20.1 and 20.2.

b. The Owner can terminate:

1. If Operator shall apply for or consent to the appointment of a receiver, trustee or liquidator of Operator or of all or a substantial part of its assets, file a voluntary petition in bankruptcy, or admit in writing its inability to pay its debts as they come due, make a general assignment for the benefit of creditors, file a petition or an answer seeking reorganization or arrangement with creditors or to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against Operator in any bankruptcy, reorganization or insolvency proceedings, or if an order, judgment or decree shall be entered by any court of competent jurisdiction, on the application of a creditor, adjudicating Operator a bankrupt or insolvent or approving a petition seeking reorganization of Operator or appointing a receiver, trustee or liquidator of Operator or of all or a substantial part of its assets, and such order, judgment or decree shall continue unstayed and in effect for any period of 90 consecutive days, or
2. If Operator shall fail to keep, observe or perform any material covenant, agreement, term or provision of this Agreement to be kept, observed or performed by Operator, and such default shall continue for a period of 60 days after notice thereof by Owner to Operator.

c. The Operator can terminate:

1. If the Owner shall fail to keep, observe or perform any material covenant, agreement, term or provision of this Agreement to be kept, observed or performed

by Owner, and such default shall continue for a period of 60 days after notice thereof by Operator to the Owner, or 20 days after such notice in the case of Owner's failure to provide the necessary Working Capital pursuant to Section 10.3.

2. If the Owner shall apply for or consent to the appointment of a receiver, trustee or liquidator of the Owner or of all or a substantial part of its assets, file a voluntary petition in bankruptcy or admit in writing its inability to pay its debts as they come due, make a general assignment for the benefit of creditors or to take advantage of any insolvency law, or file an answer admitting the material allegations of a petition filed against the Owner in any bankruptcy, reorganization or insolvency proceeding, or if an order, judgment or decree shall be entered by any court of competent jurisdiction, on the application of a creditor adjudicating the Owner a bankrupt or insolvent or approving a petition seeking reorganization of the Owner or appointing a receiver, trustee or liquidator of the Owner or of all or a substantial part of the assets of the Owner, and such order, judgment or decree shall continue unstayed and in effect for any period of 90 consecutive days;
3. If the licenses for the sale of alcoholic beverages in the Hotel, or if any other licenses or permit necessary for the operation of the Hotel, are not issued prior to the Opening Date of the Hotel or are at any time suspended, terminated or revoked and such suspension, termination or revocation shall continue unstayed and in effect for a period of 60 consecutive days; or
4. If the Owner has not, prior to June 30, 1981.
 - (a) Taken title in fee simple to the premises on which the Hotel is to be located, and
 - (b) Secured firm investment commitments and firm financing commitments in amounts and upon terms approved by the Operator, including debt payments of principal and interest not exceeding \$1,900,000.00 in any one twelve month period, in order to finance the construction, furnishing, equipping and operation of the Hotel in accordance with this Agreement; or

5. If Opening Date has not occurred prior to June 30, 1983.
6. If Owner constructs a Hotel that departs from what Operator approved under the provisions of Section 2.3.

ARTICLE XVIII

RESERVE FUND

Section 18.1 Funding of Reserve Fund. During each fiscal year (and proportionately for any fraction thereof), there shall be reserved (but not deducted in the determination of Gross Operating Profit) an amount equal to the following percentages of Gross Operating Income: the 2nd and 3rd full fiscal year 1 1/2%; the 4th full fiscal year and later years 2% until the amount reserved equals \$1,000 times the number of rooms in the Hotel; after the amount reserved equals \$1,000 a room no more will be reserved but as expenditures are made under Section 18.2 they will be replaced at the 2% rate.

Section 18.2 Use of Reserve Fund. A cash fund in the above amount shall be created for the purpose of making replacements and renewals of and additions to said Furniture and Equipment. Such fund shall be recorded on the books of account maintained for the Hotel as a reserve fund for replacements, substitutions and additions for furniture and equipment (the "Reserve Fund"). If in any given fiscal year or years, the "cash flow" (defined to mean profits before depreciation and provision for income taxes) from the operation of the Hotel is not sufficient to provide the required amounts, the obligation of Owner shall carry over to the succeeding fiscal year or years until satisfied on a cumulative

basis. Such fund shall be used solely for purposes provided in this Section 18.2. Any expenditure for replacement, substitution of and additions to Furniture and Equipment during each fiscal year may be made by the Operator without Owner's consent up to the amount of the Reserve Fund and any such expenditures shall be paid from the Reserve Fund. Any expenditure in excess of the reserve fund shall be subject to the Owner's approval and shall not be deducted from the Gross Operating Income in arriving at Gross Operating Profits.

Section 18.3 Bank Account. Said reserve fund shall be kept in a bank account in the bank selected by Owner pursuant to Section 10.1. Said account shall be in the Owner's name. However, checks or other documents of withdrawal shall only be signed by representatives of the Operator in accordance with the provisions of Section 10.5.

Section 18.4 Property of Owner. Such reserve fund at all times shall remain the property of Owner, and Operator shall have no rights thereto except as provided in this Article; and upon any termination of this Agreement, Operator's right to any unused portion of the reserve shall terminate and come to an end.

ARTICLE XIX

MINOR CAPITAL IMPROVEMENTS

Section 19.1 Repairs and Maintenance and Capital Improvements. Operator is authorized to expend, from time to time, from the Agency Account such funds as in its opinion are necessary for repairs and maintenance. Operator may also make minor capital

improvements not in excess of \$5,000.00 per fiscal year to the Hotel in order to maintain same as a first-class hotel. In the event major capital expenditures shall be recommended by the Operator in addition to the expenditures for repairs and maintenance and minor capital improvements of the Hotel, said proposals shall be subject to the approval of the Owner. If approved, such expenditures shall be made from the Agency Account and if sufficient funds are not available, the Owner shall advance funds for such purpose. The amortization of such expenditures shall not be charged to Gross Operating Profit.

ARTICLE XX

DAMAGE OR DESTRUCTION - CONDEMNATION

Section 20.1 Damage by Fire and Other Causes.

- a. If, at any time during the term of this Agreement, all or a material part of the Hotel shall be damaged or destroyed by fire or other casualty or any other cause, and if the damaged portion cannot be fully restored within one year after the occurrence of the event, either Owner or Operator may terminate this Agreement by notice given not later than 180 days after the occurrence of the event, the date of termination to be not less than 60 nor more than 90 days after giving of such notice. If this Agreement shall not be terminated as the result of any fire or other casualty, the proceeds of any insurance or the equivalent thereof shall be used to pay for the cost of the restoration of the Hotel and the premises, which shall be carried out with due diligence. Owner shall advance funds to cover any deficiency, which funds shall not be deductible in determining Gross Operating Profit hereunder.
- b. For the purpose of this Article, a material part of the Hotel shall be deemed to have been damaged or destroyed if 50% or more of the aggregate floor space of the Hotel is so damaged that it becomes untenable.

Section 20.2 Condemnation.

- a. If the entire Hotel shall be taken in condemnation proceedings, this Agreement shall terminate as of the date the condemning authority takes possession.
- b. If less than the entire Hotel shall be taken in condemnation proceedings, Operator and Owner shall mutually determine whether the remaining land and building or buildings, after necessary repairs, can economically and feasibly be operated as a hotel. If they cannot mutually agree upon such matter within 90 days after the taking, this Agreement may be terminated by either Owner or Operator if 10% of the public space of the Hotel is so taken or if 10% of the guest rooms are so taken. Public Space shall mean the lobbies, meeting rooms, ballrooms, restaurants, coffee shops, cocktail lounges, swimming pools, courtyards and any other space in the Hotel except the guest rooms and corridors. If this Agreement is not terminated, Owner shall proceed with due diligence to restore the premises at its expense, which expense shall not be chargeable to Gross Operating Profit hereunder.
- c. If this Agreement shall terminate by reason of condemnation, Operator may participate in the award to the extent that such award includes compensation to Operator for any future loss of its fees under this Agreement and the cost of removing its property from the Hotel under the provisions of Sections 16.2 and 16.3.

ARTICLE XXI

TITLE TO HOTEL

Section 21.1 Title to Hotel. Owner covenants and agrees that, prior to commencement of construction of the Hotel, it will have, and that throughout the term of this Agreement, it will maintain full ownership of the Hotel and the premises on which the Hotel is located (or if Owner's right and interest in the Hotel or said premises is derived through a lease, concession or other agreement, then Owner agrees to keep and maintain said lease, concession or other agreement in full force and effect

throughout the term of this Agreement) and full ownership of the Furniture and Equipment and Operating Supplies. Owner further agrees that throughout the term of this Agreement, it will pay, keep, observe and perform all payments, terms, covenants, conditions and obligations to be made, kept, observed or performed by the Owner under any lease, concession or other agreement or security instrument in respect of the Hotel, said premises, Furniture and Equipment and Operating Supplies.

ARTICLE XXII

NOTICES

Section 22.1 Notices. Any notice, statement or demand required or permitted to be given under this Agreement shall be in writing, sent by certified or registered mail, return receipt requested, addressed, as the case may be to Owner c/o Landmark, One Appletree Square, Bloomington, Minnesota 55420 and to Operator at 12755 State Highway 55, Minneapolis, Minnesota 55441, Attention: Legal Department or to such other address as Operator or Owner shall designate in the manner herein provided and shall be deemed to have been given on the day two days after it shall have been mailed, as aforesaid, in any post office or branch post office regularly maintained by the United States Government.

ARTICLE XXIII

CONSENT

Section 23.1 Withholding of Consent. Except as herein otherwise provided, whenever in this Agreement the consent or approval of Operator or Owner is required, such consent or approval

shall not be unreasonably withheld. Such consent or approval shall be in writing only and shall be duly executed by an authorized officer or agent of the party granting such consent or approval.

ARTICLE XXIV

ASSIGNMENT BY OPERATOR

Section 24.1 Assignment to Subsidiary of Operator. Operator shall have the right to assign all its right, title and interest under this Agreement to a subsidiary company, provided that Operator shall at all times own at least 51% of all classes of capital stock of said subsidiary.

Section 24.2 Assignment to Successor or Assignee of Operator. Operator shall also have the right to assign this Agreement to any successor or assignee of Operator which may result from any merger, consolidation or reorganization or to another corporation which acquires all or substantially all of the business and assets of Operator.

ARTICLE XXV

INDEMNIFICATION AND LIMITATION OF LIABILITY

Section 25.1 Indemnification and Limitation of Liability. Operator shall not be liable to the Owner or to any other person for any act or omission, negligent, tortious or otherwise, of any officer, agent or employee of the Owner or of the Operator in the performance of services in connection with this Agreement and the Operator shall be indemnified and saved harmless by Owner from all claims, actions, liability, loss, damage, cost or expense by

reason of any such act or omission, except for any act or omission by an officer or corporate staff employee of Operator. "Corporate staff employee" shall mean an individual employed by Operator at its national corporate headquarters who performs the services described in Section 8.1.

Section 25.2 Good Faith Judgment. Notwithstanding any other provisions of this Agreement, in no event shall the Owner make any claims against the Operator on account of any alleged errors of judgment made in good faith in the determination of operating policies of the Hotel.

ARTICLE XXVI

SUCCESSORS BOUND

Section 26.1 Successors Bound. This Agreement shall be binding upon and inure to the benefit of Owner, its successors and assigns, and shall be binding and inure to the benefit of Operator and its permitted assigns. Any permitted sale or transfer of the Hotel by Owner shall be made subject to the terms of this Agreement.

ARTICLE XXVII

TRANSFERS BY OWNER

Section 27.1 Right of First Refusal. During the term of this Agreement, Owner shall not sell or otherwise dispose of the Hotel or lease all or substantially all of the Hotel to any other person, firm or corporation without first offering the same for 30 days to Operator at a price or rental and on terms no less favorable than those which the Owner certifies it is willing to

accept from a third party as evidenced by a bona fide offer received from such third party by the owner. Such offer shall be in writing and shall contain a certificate subscribed to by the President or Treasurer of the Owner of the price or rental and terms offered by such third party which the Owner is willing to accept. Within 30 days after the date of receipt by Operator of such written offer from the Owner, Operator may accept such offer in writing, and in such event Operator, or a wholly-owned subsidiary or affiliate of Operator as designated by Operator in such acceptance, and Owner shall promptly thereafter enter into an agreement for sale or lease at the price or rental and on the terms aforesaid and shall consummate said sale in accordance with such terms and thereupon this Agreement shall terminate. In the event that said offer is not accepted by Operator, this Agreement shall continue in full force and effect, and any sale of the Hotel to such third party shall be made subject to this Agreement.

Section 27.2 Assignment of Reserve Fund. Any transfer to a third party must include a transfer of the Reserve Fund described in Sections 18.1 and 18.2. The Reserve Fund will be maintained under the provisions of Sections 18.1 and 18.2 in the name of Owner's transferee. If Operator exercises its right of first refusal pursuant to Section 27.1, Ownership in the Reserve Fund shall be transferred to Operator.

ARTICLE XXVIII

MISCELLANEOUS PROVISIONS

Section 28.1 No Partnership or Joint Venture. Nothing contained in this Agreement shall constitute or be construed to

be or create a partnership or joint venture between the Owner, its successors or assigns, on the one part, and Operator, its successors or assigns, on the other part.

Section 28.2 Modification and Changes. This Agreement cannot be changed or modified except by another agreement in writing signed by the party sought to be charged therewith or by its duly authorized agent.

Section 28.3 Headings. The Article and Section headings contained herein are for convenience of reference only and are not intended to define, limit or describe the scope or intent of any provision of this Agreement.

Section 28.4 Third Parties. Any provisions herein to the contrary notwithstanding, it is agreed that none of the obligations hereunder of either party shall run to or be enforceable by, any party other than the other party to this Agreement.

Section 28.5 Understandings and Agreements. This Agreement constitutes all of the understandings and agreements of whatsoever nature or kind existing between the parties with respect to Operator's managership of the Hotel herein created.

Section 28.6 Severability. If any term, covenant, condition or provision of this Agreement shall be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each term, covenant, condition and provision shall be valid and be enforced to the fullest extent permitted by law.

Section 28.7 Short-Form Agreement. The parties will at any time, at the request of either one, promptly execute in duplicate originals of a short-form agreement in recordable form,

which will constitute a short-form or memorandum of this Agreement, setting forth the legal description of the parcel of land on which the Hotel is located and the term of this Agreement. Either party may record such short-form or memorandum of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed by their officers thereunto duly authorized, all as of the day and year first above written.

RADISSON HOTEL CORPORATION

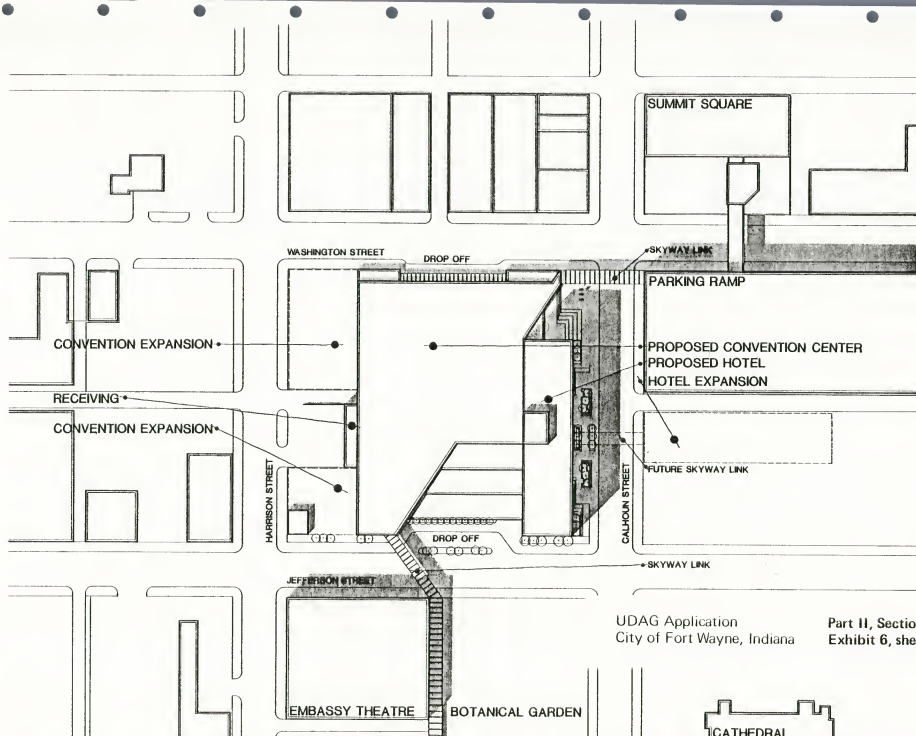
By Michael L. Karulsky
Its VICE PRESIDENT

MHAS/B

HOTEL ASSOCIATES OF FORT

WAYNE
By John Wayne Hansen
General Partner

By Vice President
Its



UDAG Application
City of Fort Wayne, Indiana

Part II, Section B6b
Exhibit 6, sheet 1 of 8

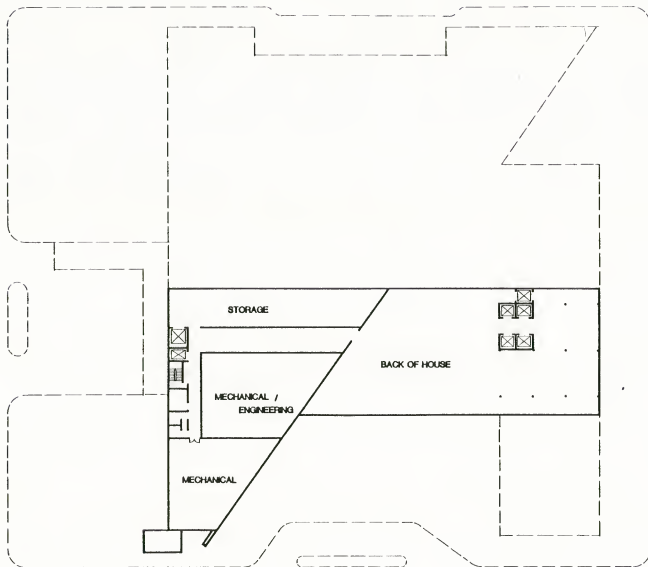
FORT WAYNE CONVENTION CENTER HOTEL

DEVELOPER: LANDMARK
ARCHITECT: ELLERBE ASSOCIATES INC.

SITE PLAN 1

15 FEBRUARY 1980





UDAG Application
City of Fort Wayne, Indiana

Part II, Section B6b
Exhibit 6, sheet 2 of 8

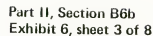
FORT WAYNE CONVENTION CENTER HOTEL

DEVELOPER: LANDMARK
ARCHITECT: ELLERBE ASSOCIATES INC.

BASEMENT LEVEL PLAN 2

15 FEBRUARY 1980

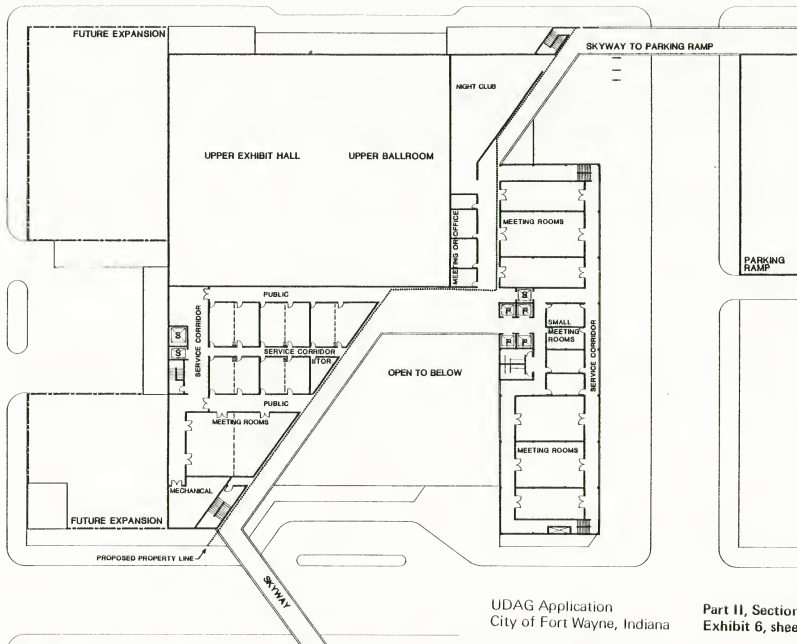




15 FEBRUARY 1980

FIRST FLOOR PLAN 3





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Exhibit 6, sheet 4 of 8

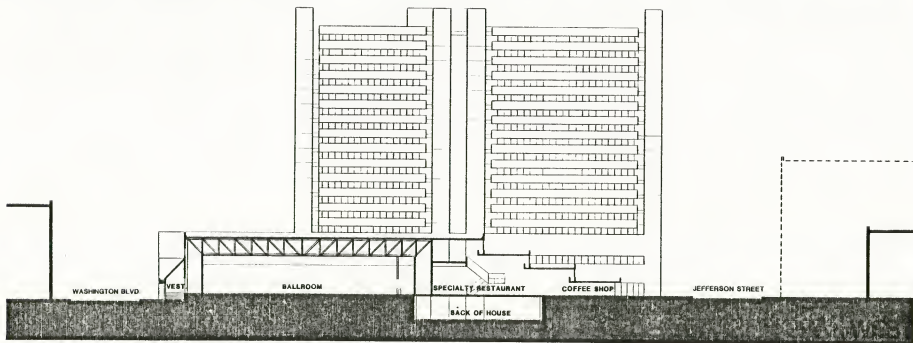
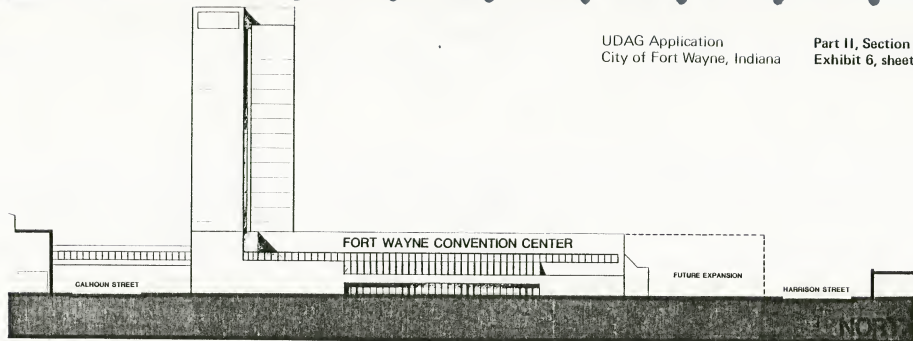
15 FEBRUARY 1980

FORT WAYNE CONVENTION CENTER HOTEL

DEVELOPER: LANDMARK
ARCHITECT: ELLERBE ASSOCIATES INC.

SECOND FLOOR PLAN 4





FORT WAYNE CONVENTION CENTER HOTEL

DEVELOPER: LANDMARK
ARCHITECT: ELLERBE ASSOCIATES INC.

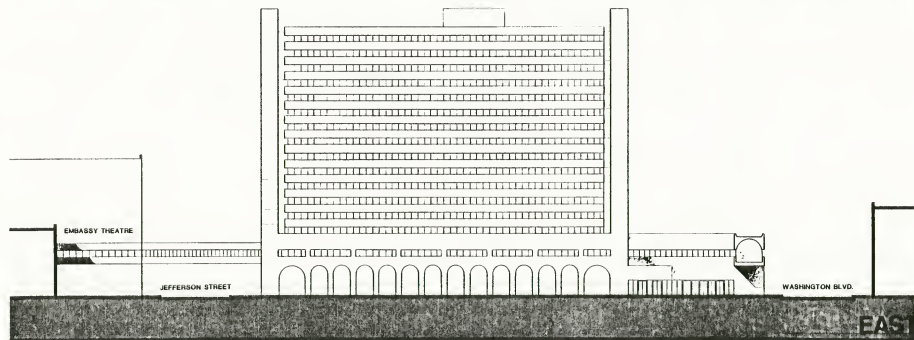
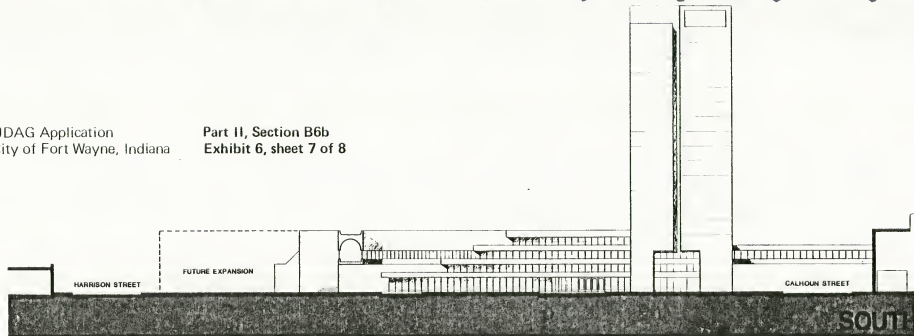
ELEVATION/LONGITUDINAL SECTION 6

15 FEBRUARY 1980



UDAG Application
City of Fort Wayne, Indiana

Part II, Section B6b
Exhibit 6, sheet 7 of 8



FORT WAYNE CONVENTION CENTER HOTEL

DEVELOPER: LANDMARK
ARCHITECT: ELLERBE ASSOCIATES INC.

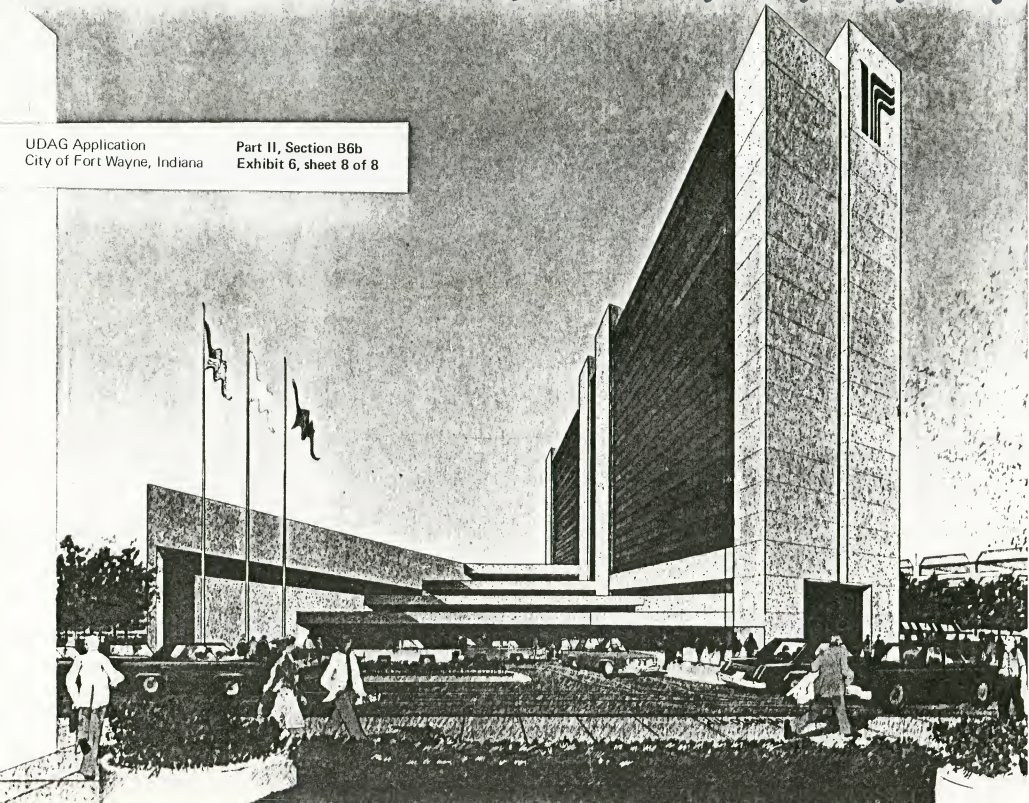
ELEVATIONS 7

15 FEBRUARY 1980



UDAG Application
City of Fort Wayne, Indiana

Part II, Section B6b
Exhibit 6, sheet 8 of 8



CONTRACT FOR SALE OF LAND FOR PRIVATE REDEVELOPMENT

AGREEMENT, consisting of this Part I and Part II annexed hereto and made a part hereof (which Part I and Part II are together hereinafter called "Agreement"), made on or as of the _____ day of _____ 1980, by and between the CITY OF FORT WAYNE, DEPARTMENT OF REDEVELOPMENT, a public body corporate (which, together with any successor public body or officer hereinafter designated by or pursuant to law, is hereinafter called "Agency"), established pursuant to Chapter 176 of the Acts of 1953 of the General Assembly of the State of Indiana as Amended and Supplemented (hereinafter called "Urban Renewal Act") and having its office at Room 830, City-County Building, One Main Street, in the City of Fort Wayne (hereinafter called "City"), State of Indiana, and HOTEL ASSOCIATES OF FORT WAYNE, an Indiana limited partnership, (hereinafter called "Redeveloper") and having an office for the transaction of business at Landmark, One Appletree Square, in the City of Bloomington, County of Hennepin, State of Minnesota 55420,

WITNESSETH:

WHEREAS, in furtherance of the objectives of the Urban Renewal Act, the Agency has undertaken a program for the clearance and reconstruction or rehabilitation of slum and blighted areas in the City and in this connection is engaged in carrying out an urban renewal project known as the "Civic Center Renewal Project" (hereinafter called "Project") located in the City; and

WHEREAS, as of the date of the Agreement there has been prepared and approved by the Agency the Civic Center Renewal Project which was adopted by the City of Fort Wayne, Indiana, Department of Redevelopment, on August 17, 1977 and was approved by the Common Council of the City of Fort Wayne, Indiana, on September 13, 1977, which Civic Center Urban Renewal Plan, as it exists on the date hereof, is recorded in the Office of the Recorder of Allen County, Indiana (hereinafter referred to as the "Recorder") as Document Number 79-24555, which Plan, as it may hereafter be

amended from time to time pursuant to law and as so constituted from time to time, is, unless otherwise indicated by the context, hereinafter called "Urban Renewal Plan"; and

WHEREAS, in order to enable the Agency to achieve the objectives of the Urban Renewal Plan and, particularly, to make the land in the Project Area available for redevelopment by private enterprise for and in accordance with the uses specified in the Urban Renewal Plan, both the Federal Government and City have undertaken to provide and have provided aid and assistance to the Agency; and

WHEREAS, the Agency heretofore on the 21st day of September, 1979 duly published notice that at a designated time written offers for the purchase and redevelopment of certain property located in the Project Area and more particularly described in Schedule "A" annexed hereto and made a part hereof (which property as so described is hereinafter called "Property") would be opened and considered, said notice calling attention generally to the limitations on the use to be made of the property offered and that the Agency would have the power to reject any bids and to make its award to the highest and best bidder and that in determining the best bid, the Agency would take into consideration the size and character of the improvements proposed to be made by the bidder, its plans and ability to improve the real estate with reasonable promptness, whether the Property, when improved, would be sold or rented, the bidder's proposed sale or rental prices, the use to which the land and improvements proposed to be placed thereon would be put and any factors which would assure the Commissioners that the sale, if made, would further the carrying out of the Urban Renewal Plan and would best serve the interests of the community both from the standpoint of human and economic welfare, and thereafter, the Redeveloper submitted its bid for said Property, consisting of the parcel of land described and numbered in Schedule "A" (which parcel as so described is hereinafter called "Parcel" or referred to as "Property") in the amount of Forty-Eight Thousand and no/100ths Dollars (\$48,000.00) and its proposed plan for the

redevelopment thereof (hereinafter referred to as "Redevelopment Plan") for and in accordance with the uses specified in the Urban Renewal Plan and in accordance with the Agreement, which Bid, including said Redevelopment Plan and all attachments accompanying said Bid and referred to therein, are marked Schedule "B" and are incorporated herein and as a part hereof by reference; and the Agency thereafter determined that such Bid and offer of Forty-Eight Thousand and no/100ths Dollars (\$48,000.00) was the highest and best bid and offer and said Bid and offer was duly accepted by the Agency on the 10th day of December, 1979, and Redeveloper, on said date, was notified thereof; and

WHEREAS, the Agency believes that the redevelopment of the Property pursuant to the Agreement, and the fulfillment generally of the Agreement, are in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in accordance with the public purposes and provisions of the applicable Federal, State and Local laws and requirements under which the Project has been undertaken and is being assisted.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

SECTION 1. SALE: PURCHASE PRICE

Subject to all the terms, covenants and conditions of the Agreement, the Agency will sell the Property to the Redeveloper for, and the Redeveloper will purchase the Property from the Agency and pay therefor the aggregate amount of Forty-Eight Thousand and no/100ths Dollars (\$48,000.00) (hereinafter called the "Purchase Price"), being the Purchase Price of the Parcel set forth in Schedule "C" annexed hereto and made a part hereof, the Purchase Price to be paid in cash or by certified check simultaneously with the delivery of the deed conveying the Parcel to the Redeveloper.

SECTION 2. CONVEYANCE OF PROPERTY

(a) Form of Deed

The Agency shall convey to the Redeveloper title to the Property by Quit-Claim Deed. Such conveyance and title shall, in

addition to the conditions subsequent provided for in Section 704 hereof, and to all other conditions, covenants and restrictions set forth and referred to elsewhere in this Agreement, be subject to:

(i) Such easements as it shall be necessary, pursuant to the Urban Renewal Plan and the Redevelopment Plan, for the Agency to dedicate or grant or shall be necessary at the time of the conveyance for the Agency or the City of Port Wayne to reserve for itself or for future dedication or grant for streets, sanitary and storm sewers, drains, water and gas distribution lines, electric, telephone and telegraph installations, rights-of-way and access and any other public or private needs, utilities and facilities.

(ii) Building and use restrictions set forth in the Urban Renewal Plan and as hereinafter provided in this Agreement.

(iii) Building and zoning ordinances.

(iv) Such conditions, covenants and restrictions running with the land as shall be imposed by the Deed of conveyance of land and which Deed shall be substantially in the form attached hereto and made a part hereof by reference.

(b) Time and Place for Delivery of Deed

The Agency shall deliver the Deed and possession of the Parcel to the Redeveloper on the respective date set forth in Schedule "C" or on such earlier date as the parties hereto may mutually agree in writing. Conveyance shall be made at the principal office of the Agency, and the Redeveloper shall accept such conveyance and pay to the Agency at such time and place the Purchase Price.

(c) Apportionment of Current Taxes

The portion of current taxes, if any, on any Parcel which are a lien on the date of delivery of the Deed to the Redeveloper allocable to buildings and other improvements which have been demolished or removed from such Parcel by the Agency shall be borne by the Agency, and the portion of such current taxes allocable

to the land shall be apportioned between the Agency and the Redeveloper as of the date of the delivery of the Deed. If the amount of the current taxes on such Parcel is not ascertainable on such date, the apportionment between the Agency and the Redeveloper shall be on the basis of the amount of the most recently ascertainable taxes on such Parcel, but such apportionment shall be subject to final adjustment within thirty (30) days after the date the actual amount of such current taxes is ascertained.

(d) Recordation of Deed

The Redeveloper shall promptly record the deed in the Office of the Recorder of Allen County, Indiana. The Redeveloper shall pay all costs for so recording the Deed.

At the time of conveyance of such Deed, the Agency shall deliver to the Redeveloper, at the Agency's sole expense, Owner's Title Guaranty Policy in its customary form issued by a title insurance company designated by the Agency covering the Property in the amount of the Purchase Price of the Parcel conveyed to the Redeveloper and showing title in the Agency, subject only to those reservations, encumbrances and exceptions hereinbefore set forth or referred to.

SECTION 3. GOOD FAITH DEPOSIT

(a) Amount

The Redeveloper has, prior to the execution of this Agreement, delivered to the Agency a good faith deposit of cash or a certified check satisfactory to the Agency in the amount of Two Thousand Four Hundred and no/100ths Dollars (\$2,400.00) (hereinafter called "Deposit") as security for the performance of the obligations of the Redeveloper to be performed prior to the return of the Deposit to the Redeveloper, or its retention by the Agency as liquidated damages, in accordance with the Agreement. The Deposit shall be deposited in an account of the Agency in a bank or trust company selected by it. The good faith deposit shall be applied to the Purchase Price at the time of closing.

(b) Interest

The Agency shall be under no obligation to pay or earn interest on the Deposit, but if interest is payable thereon, such interest, when received by the Agency, shall be promptly paid to the Redeveloper.

SECTION 4. TIME FOR COMMENCEMENT AND
COMPLETION OF IMPROVEMENTS

The construction of the Improvements referred to in Section 301 shall be commenced within Twelve (12) months after the closing and conveyance of the Parcel of real estate, and said Improvement shall be completed within the construction period set forth in Schedule "C".

SECTION 5. TIME FOR CERTAIN OTHER ACTIONS

(a) Time for Submission of Construction Plans

The time within which the Redeveloper shall submit its Parcel "Construction Plans" (as defined in Section 301 hereof) to the Agency in any event, pursuant to Section 301 hereof, shall be on or before April 30, 1980.

(b) Time for Submission of Corrected Construction Plans

Except as provided in Paragraph (c) of this Section 5, the time within which the Redeveloper shall submit any new or corrected Parcel Construction Plans as provided for in Section 301 hereof shall be not later than sixty (60) days after the date the Redeveloper receives written notice from the Agency of the Agency's rejection of the Parcel Construction Plans referred to in the latest of such notice.

(c) Maximum Time for Approved Construction Plans

In any event, the time within which the Redeveloper shall submit Parcel Construction Plans which conform to the requirements of Section 301 hereof and are approved by the Agency shall be not later than one hundred eighty (180) days after the date the Redeveloper receives written notice from the Agency of the Agency's first rejection of the original Parcel Construction Plans submitted to it by the Redeveloper.

(d) Time for Agency Action on Change in Construction Plans

The time within which the Agency may reject any change in the Parcel Construction Plans as provided in Section 302 hereof shall be thirty (30) days after the date of the Agency's receipt of notice of such change.

(e) Time for Submission of Evidence of Equity Capital and Mortgage Financing

The time within which the Redeveloper shall submit to the Agency, in any event, evidence as to the equity capital and any commitment necessary for mortgage financing for such Project, as provided in Section 303 hereof, shall be on or before March 30, 1980.

(f) Time for Submission of Operating Agreement

The time within which the Redeveloper shall submit to the Agency, in any event, evidence that it has entered into a binding operating contract with a hotel management operator satisfactory to the Agency shall be not later than March 30, 1980.

SECTION 6. PERIOD OF DURATION OF COVENANT ON USE

The covenant pertaining to the uses of the Property, set forth in Section 401 hereof, shall remain in effect from the date of the Civic Center Urban Renewal Plan for a period of fifty (50) years from the date of the Plan's adoption by the Fort Wayne Redevelopment Commission, City Council of the City of Fort Wayne, City Plan Commission, and other legally designated agencies.

SECTION 7. NOTICES AND DEMANDS

A notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

(i) in the case of the Redeveloper, is addressed to or delivered personally at One Appletree Square, Bloomington, Minnesota 55420;

(ii) in the case of the Agency, is addressed to or delivered personally to the Agency at Room 830, City-County Building, One Main Street, Fort Wayne, Indiana,

or at such other address with respect to either such party as that party may from time to time designate in writing and forward to the other, as provided in this section.

SECTION 8. SPECIAL PROVISIONS

(a) Redeveloper agrees that in the construction of such work it will cause compliance to be made of all building codes and applicable ordinances of the City as well as all applicable statutes in the State of Indiana and the United States of America and all applicable rules and regulations thereunder.

(b) The Redeveloper, its successors and assigns agree that there will be no discrimination against any person or group of persons on account of race, creed, color, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land therein conveyed or any improvements erected or to be erected thereon, nor will the Redeveloper himself or any person claiming under or through him establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees or vendees in the Property or any improvements erected or to be erected thereon. This provision shall be perpetual and shall constitute a covenant running with the land and may be enforced by injunction.

(c) The Redeveloper, its successors and assigns agree that the hotel which is the improvement to be constructed on the real estate which is the subject of this sale shall be known as "Radisson - Fort Wayne".

SECTION 9. MODIFICATION OF PART II

The following amendments and modifications are hereby made in the terms, covenants and conditions forming Part II hereof:

(1) Section 103 shall be modified by deleting from the third line "prior to completion of the Improvements" and substituting in lieu thereof "not later than the completion date of the Improvements

as set forth in Schedule 'B' hereof." In addition, Section 103 shall be modified by deleting subsection (c), entitled Improvements of Existing Streets, and subsection (d), entitled Construction and Dedication of New Streets.

(2) Section 301 shall be modified by inserting "the proposal of the Redeveloper" after the word "Agreement" in the fourth line.

(3) Section 304 shall be modified by inserting "satisfactory to the Agency" after the word "evidence" in the fourth line.

(4) Section 601 shall be modified by inserting "on such Parcel" after the word "Improvements" in the eighth line.

(5) Section 802 of Part II is amended to read as follows:

Wherever the words "race, creed, color" appear, substitute "race, color, religion, sex". Wherever the words "Executive Order 11246 of September 24, 1965" appear, add thereafter "as amended by Executive Order 11375 dated October 13, 1967".

(6) The following Section 404 is inserted immediately after Section 403 of Part II, to-wit:

SEC. 404. Advertising. The Redeveloper agrees for itself, its successors and assigns, that during the construction and thereafter, the Redeveloper and its successors and assigns shall include in all advertising for the sale or rental of the property a statement to the effect:

- (a) that the Property is open to all persons without discrimination on the basis of race, color, creed or national origin, and
- (b) that there shall be no discrimination in public access and use of the Property to the extent that it is open to the public.

SECTION 10. COUNTERPARTS

This Agreement is executed in three (3) counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Agency has caused this Agreement to be duly executed and in its name and behalf by its President and duly attested by its Secretary and the Redeveloper has caused this Agreement to be duly executed in its name and behalf by its General Partners on or as of the day first above written.

"AGENCY"

CITY OF FORT WAYNE, INDIANA,
DEPARTMENT OF REDEVELOPMENT,
BY AND THROUGH THE FORT WAYNE
REDEVELOPMENT COMMISSION,

By: _____
Robert W. Hutner, President

ATTEST:

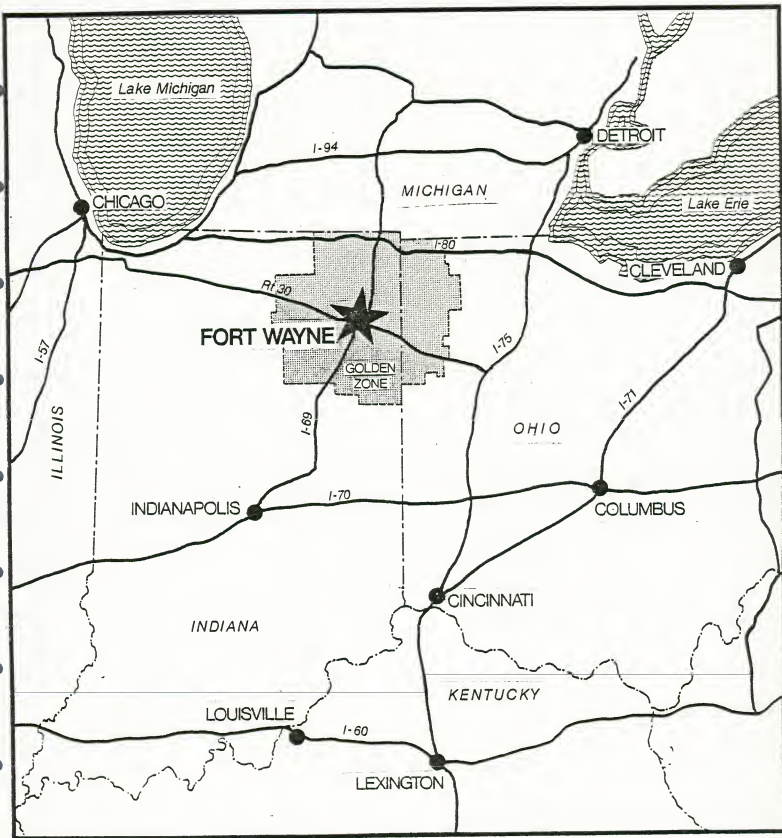
Hana L. Stith, Secretary

"REDEVELOPER"

HOTEL ASSOCIATES OF FORT WAYNE,
an Indiana limited partnership,

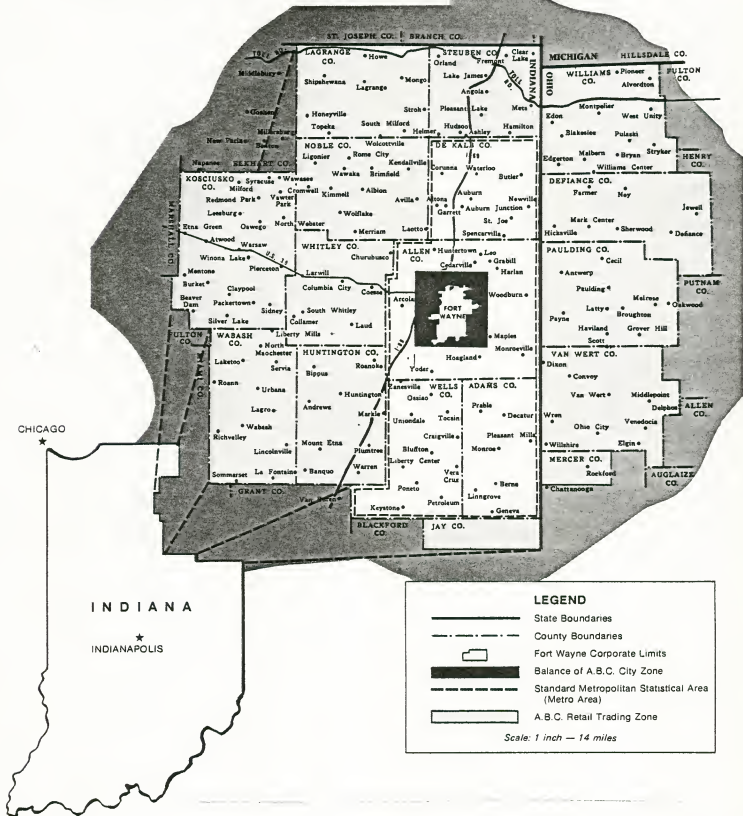
By: _____
General Partner

By: _____
General Partner

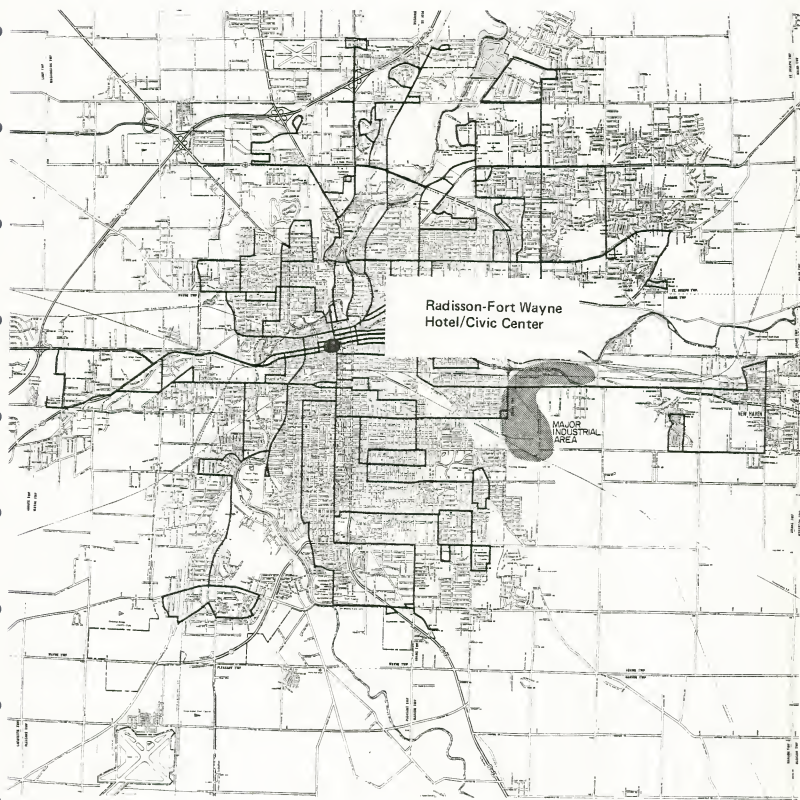


Fort Wayne Metro Area

(Standard Metropolitan Statistical Area)



Project Location Map



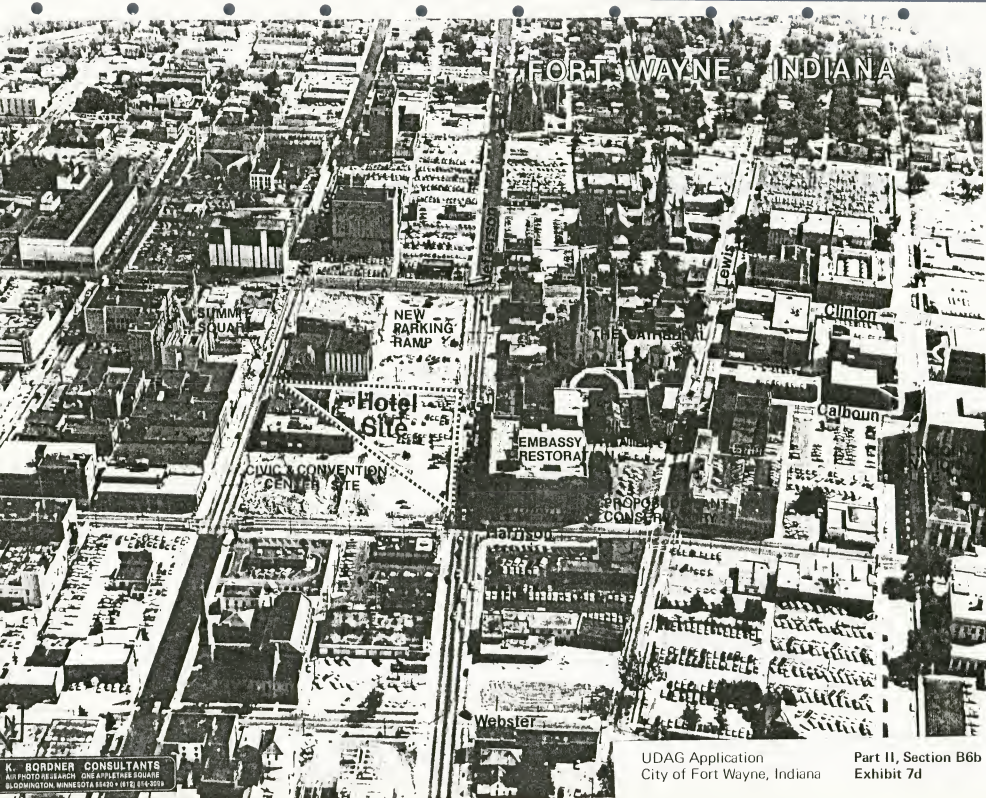
Legend

— Bus Routes

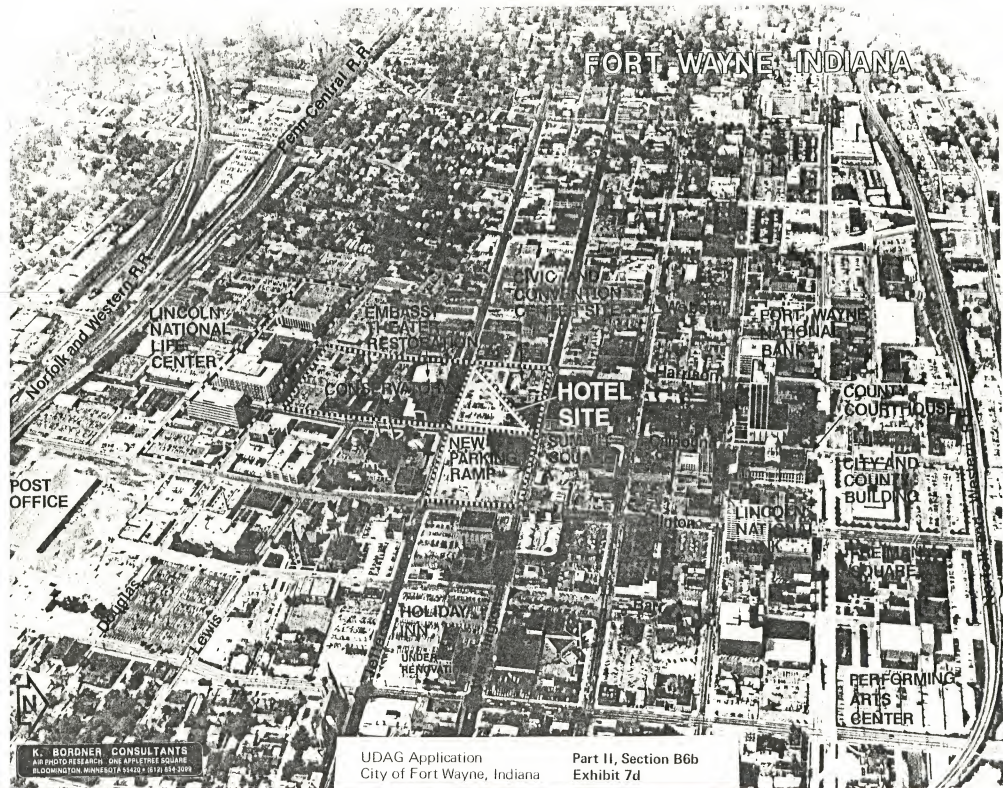
Radisson-Fort Wayne-Hotel Project
UDAG Application
City of Fort Wayne, Indiana

Part II, Section 6b

Exhibit 7C



FORT WAYNE, INDIANA



K. BORDNER CONSULTANTS
AIR PHOTO RESEARCH - ONE HUNDRED EIGHT SQUARES
BLOOMINGTON, MINNESOTA 55410 • (612) 854-3099

UDAG Application
City of Fort Wayne, Indiana

Part II, Section B6b
Exhibit 7d

UDAG FORM 1 (Part 2)

SOURCES AND USES OF FUNDS
BY TRANSACTION

Instructions: Complete one page for each transaction.

Transaction Number: I
Transaction Name: Radisson-Fort Wayne Hotel Project

Line Item Activity	SOURCES OF FUNDS				
	UDAG Funds	Private Funds		Other Funds (Specify)	Total Costs
		Developer Equity	Private Lender		
a. Land Acquisition					
b. Relocation of Persons and Businesses					
c. Clearance and Demolition					
d. Streets & Site Improvements					
e. Water and Sewer Facilities					
f. Foundations and Platforms					
g. Parking Facilities					
h. Primary Facility:					
i. Capital Equipment					
j. Professional Fees					
k. Real Estate Taxes, Construction Period Interest, Organization Costs, etc.					
l.					
m.					
n. Administration					
o.-Cost Subtotal (Sum of lines a.-n.)	4,000,000	5,150,000	14,000,000		23,150,000
p. Contingencies					
q. Totals by Source (Sum of lines o. + p.)	4,000,000	5,150,000	14,000,000		23,150,000
r. Program Income from Land Disposition	()			()	()
Total Transaction Costs s. (Sum of lines q. + r.)	4,000,000	5,150,000	14,000,000		23,150,000

UDAG FORM 1*

ESTIMATED LEVERAGE RATIO

Instructions: For projects which consist of one transaction, complete this form. For projects with multiple transactions, complete a separate sheet for each transaction and a sheet which summarizes all transactions.

		Check appropriate box: <input type="checkbox"/> Project Summary <input type="checkbox"/> Transaction No. _____ Name: <u>Radisson-Fort Wayne Hotel</u>
TOTAL PROJECT OR TRANSACTION COSTS		
1. (If Summary, take from Form 1, Part 1, Line 5. If Transaction, take from Form 1, Part 2, Line 5.)		\$23,150,000
INFLOWS:		
2. Private Investment	Equity	\$ 5,150,000
	Discounted UDAG Value	<u>2,756,000*</u>
	Total	\$ 7,906,000
3. Private Debt from Lenders		\$14,000,000
4. Subtotal--Private Sources (1-3)		\$21,906,000
5. Action Grant		\$ 4,000,000
6. Leverage Ratio (4+5)		5.47
7. Other Sources (e.g., other federal, state, local, and project income)		0
8. TOTAL INFLOWS (4+5+7) should equal total outlays (Item 1)		\$23,150,000
9. Additional Spinoff Private Investment Anticipated as a Result of Project		

*This form constitutes the response to Part II.3.7.b.

Page of

*\$4,000,000 of UDAG funds will be loan to Hotel Associates at 8% for 40 year term. Discounting from market rate of 12% results in \$2,756,000 value for leveraging purposes. The discounted value has not been included in Line 4 or 8, but has been included in computation of Line 6.

EXHIBIT 10a

COMMITMENT LETTER - APPLETREE ENTERPRISES

EXHIBIT 10c

COMMITMENT LETTER CAPITAL REALTY INVESTMENTS

EXHIBIT 11

FINANCIAL STATEMENTS

UDAG FORM 3*

OTHER PUBLIC FINANCIAL ASSISTANCE SUMMARY

Instructions: Complete one row to describe each kind of public financial assistance used in the proposed project.

Public Entity, Program Title, Contact Person, Address/Telephone (A)	Amount (B)	Type of Assistance (e.g. loan, grant, guarantee) (C)	Recipient (Person, firm, or entity) (D)	Nature and extent of activity to be financed by other public sources; spender; transaction name and number (E)	Funding Status		
					Committed (F)	Pending (G)	Application not Submitted (H)
			Not Applicable				

*This form constitutes the response to Part II.B.7.e.(1).

Part III.

Evidence of Meeting Program Objectives

Part III. Section A.
Alleviation of Physical Distress

UDAG FORM 4*

ALLEGATION OF PHYSICAL DISTRESS

Instructions: In this form, complete all items that are applicable to the proposed project. If an item is not applicable to the project, insert "N/A." Attach additional pages to complete your responses if necessary, and indicate the item on Form 4 to which the additional response refers.

1. Residential Projects

	New Construction (A)		Renovation (B)		Demolished (% Substandard) (C)	Historic** Restoration (D)
	Single Family	Multi- Family	Single Family	Multi- Family		
No. Units	NA	NA	NA	NA	NA	NA
No. Occu- pants be- fore pro- ject	NA	NA	NA	NA	NA	NA
No. Occu- pants after pro- ject com- pleted	NA	NA	NA	NA	NA	NA

2. Commercial/Industrial Projects

Acres Cleared

No. Buildings Demolished
(% Substandard)

Total Square Footage Demolished

Percent Occupied Before
Demolition

NA

	New Construction (A)	Renovation (B)	Historic Restoration*** (C)
No. Buildings	1	NA	NA
Total Square Footage	242,806	NA	NA

* This form constitutes the response to Part III.A.

** For residential historic restoration projects, include the number of units and occupants in Column D and Column A or B.

*** For commercial or industrial historic restoration projects, include information in Column C and Column B.

1. Projects with Infrastructure Components

Linear feet of new pipe

Linear feet of pipe replaced

Water (A)	Sewer (B)	Sanitary/ (C)
NA	NA	NA
NA	NA	NA

Capacity added (units served,
mgd, or other standard)

- Residential

- Commercial

- Industrial

Total Capacity Added

NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA

4. Projects with Beautification and Street Improvement Components

Describe beautification and street improvement efforts in the proposed project. Indicate the scope of the project by citing the type and amount of work undertaken on new streets, resurfacing, widening, sidewalks, street lights, benches, landscaping, etc. Contrast the proposed new facilities with existing conditions.

This project contains no funding for beautification improvements of public spaces. Landscaping and street beautification of the hotel and civic center site is the responsibility of the Redevelopment Commission as part of the City Center Urban Renewal Project and considerable effort has been expended developing an attractive functional streetscape.

Part III. Section B.
Alleviation of Economic Distress

PART III

Evidence of Meeting Project Objectives

Section B - Alleviation of Economic Distress

1. Jobs created

See UDAG Form 5 submitted as Exhibit 14

2. Method of Calculation

The estimates of permanent employment to be generated is based upon information supplied by the hotel developers. The estimated number of construction jobs to be generated is based upon the estimate of the project architect in developing similar building improvements. The definition of low, middle and upper income is as follows:

Low - under	\$10,849
Middle	\$10,850 to \$16,279
Upper - over	\$16,280

3. Effect on Other Jurisdictions

No firm which is a party to this project is moving into the project area from another governmental jurisdiction.

WDAG FORM 5*ALLEVIATION OF ECONOMIC DISTRESS

Instructions: In this form, complete all items that are applicable to the proposed project. If an item is not applicable to the proposed project, insert "N/A." Attach additional pages to complete your responses to questions 2 and 3 if necessary, and indicate the item on Form 5 to which the additional response refers. For purposes of this application, jobs should be stated in Full Time Equivalents i.e., two half-time jobs equal one full time equivalent (FTE) job.

1. Job Creation Potential of Proposed Project

A. Permanent Jobs

- (1) New jobs
- (2) CETA** Subsidized new jobs
- (3) Jobs retained
- (4) Jobs transferred to project area
- (5) Jobs transferred out of project area
- (6) Total permanent jobs
- (7) % Private sector
- (8) % Public sector
- (9) % CETA** subsidized
- (10) Average Salary/Wage

Low & Mod. Income (A)	Middle Income (B)	Upper Income (C)	Total (D)
182	90	63	335
-	-	-	-
-	-	-	-
-	-	-	0
-	-	-	0
182	90	63	335
100%	100%	100%	100%
0	0	0	0
-	-	-	-

B. Temporary Jobs

- (11) Construction jobs created
- (12) Other temporary jobs
- (13) Total temporary jobs
- (14) % Private sector
- (15) % Public sector
- (16) % CETA subsidized
- (17) Average Salary/Wage

76	132	170	378
-	-	-	-
76	132	170	378
100%	100%	100%	100%
-	-	-	-
-	-	-	-
\$8/hr.	\$10/hr.	\$14/hr.	

* This form constitutes the response to Part III.B.1.

** Comprehensive Employment and Training Act. The number of new CETA jobs should appear on line (2) and should also be included in the total new jobs on line (1).

2. Increase in Business Activity

Describe the increase in the dollar volume of retail sales or other business activity in the community expected to result from the proposed project in both absolute and percentage terms. Indicate the expected percentage of total retail sales or other business activity in the area which the proposed project will capture.

Based upon national multiplier factors* the creation of 335 new jobs will generate the following additional spinoff:

- 277 additional jobs created in non-manufacturing
- \$3,484,000 additional personal income
- \$1,876,000 additional retail sales
- \$1,641,500 additional bank deposits
- \$ 837,500 additional tax revenues

3. Other Economic Indicators

If there are any other specific indicators of the overall alleviation of economic distress in the community which will result from the proposed project, please describe them. For example: reduction of population outmigration or housing overcrowding, or the replacement of abandoned buildings.

The project will produce stable jobs close to many central city neighborhoods that will provide an incentive for workers to remain in Fort Wayne which in turn will help stem the tremendous outmigration that has occurred in past years. The project will also improve the purchasing power available in the community.

* From National Development Council

Part III. Section C.
Fiscal Improvement

PART III
SECTION C - Fiscal Improvement

1. Fiscal Improvement

See UDAG Form 6 submitted as Exhibit 15.

2. Method of Calculation

The revenue yields to government are based upon current property tax rates in effect in the City of Fort Wayne. The tax rate applicable to this development is 8.29 per hundred dollars of taxable property. The building is estimated to be assessed at \$6,000,000, or roughly one-third of its estimated development cost. There is no loss to the tax rolls as the entire site is currently vacant land.

UDAG FORM 6*

FISCAL IMPROVEMENT

Instructions: In this form, complete all items that are applicable to the proposed project. If an item is not applicable to the proposed project insert "N/A." Attach additional pages to complete your response if necessary, and indicate the item on Form 6 to which the additional response refers.

	Dollar** Increase or (Decrease)
a. Value of property added to tax rolls by proposed project	\$6,000,000
b. Less: Reduction in assessed value from demolition and other changes	0
c. NET DECREASE OF VALUE ADDED TO TAX ROLLS	497,400
d. Incremental Tax Revenue (line a x Local Tax Rate)	NA
e. Sales Tax	NA
-- State	
-- Local	NA
-- Special room tax *	250,000
f. Income Tax	NA
-- Personal	
-- Corporate	NA
g. Personal Property Tax	NA
h. Payments in Lieu of Taxes	NA
i. Increase in Taxes (d + e + f + g + h)	747,400
j. Less: Reduced collections in categories e through h due to demolitions, closings, etc.	0
k. NET DECREASE IN TAX COLLECTIONS (i-j)	747,400
l. NET DECREASE/\$000 IN UDAG	186.85

* This form constitutes the response to Part III.C.1.

** Base information on fiscal improvement on an estimate of circumstances in the first year after Action Grant project completion.

* Room tax is 5% of room revenues

2. Return to Local Government

- a. Increase in annual tax revenue to local government*
- b. Total expected investment by local government
- c. "Return on Investment" to local government (a÷b)

DOLLARS
0

3. Tax Breaks

Describe tax abatement packages which have been offered to businesses and homeowners in connection with the project. Include names or categories of beneficiaries, the term of each package, how the tax reduction is structured, and the total annual value of the offer. If payments in lieu of taxes (PILOT) are involved, describe the proposed terms. NOTE: Increased tax base is a selection criterion for Action Grants.

Tax abatement will be provided for the first ten years of operation, as is stated in Indiana Public Law (I.C. 6-1.1-12.1). Tax relief will begin in 1983, the scheduled date of operation for the hotel. Abatement will be provided as follows:

Year	% of Abatement	Year	% of Abatement
1983	- 100%	1988	- 40%
1984	- 95%	1989	- 30%
1985	- 80%	1990	- 20%
1986	- 65%	1991	- 10%
1987	- 50%	1992	- 5%

After 1992 full taxes will be incurred by hotel operations.

4. General Tax Reductions

If any reduction in taxes unrelated to the project (e.g., a drop in the tax rate for homeowners in the municipality) is included as a part of the overall plan for the project, describe the terms of the reduction and the reasons that it is appropriate.

* Base this increase on an estimate of the circumstances in the first year after Action Grant Project completion.

Part III. Section D.

**Impact on the Special Problems of Low and
Moderate Income Persons and Minorities**

Part III, Section D

Impact on the Special Problems of Low and Moderate Income Persons and Minorities

1. Demographic Data

The population of Fort Wayne in 1970 was 177,671, an increase of 15,875 from the 1960 census. As in many cities of this size, the figures hide the fact that all census tracts in the inner city show declining population while a majority of second ring census tracts also show decline. Therefore, the overall 7% increase occurred predominately in third or outer ring census tracts of the City and areas where annexations occurred in the sixties. Internal migration patterns are of concern to the City. Between 1960 and 1970, 14,063 persons were annexed. When adjusted for annexation, Fort Wayne's real population growth was only 1,832 or 1.1% of the 1960 population. Another population trend which gives some reason for concern is the fact that recent data from the Bureau of Census indicates that between 1970 and 1975, 4,600 people or 1.7% of the total population emigrated from the County. This contrasts with an in-migration of 20,493 persons between 1960 and 1970.

City-wide distribution by age for the population indicates that 34.4% of the total is 18 years of age or younger. The distribution of this population indicates that only five census tracts contain appreciably more youth than the city-wide average. The other age group which can be easily defined

through available data is the 65 and older population, which comprises 10.3% of the City's total population. Two census tracts in the inner city have a concentration of more than twice that figure while another eleven census tracts in the first or second ring of the City show more than 15% of their populations to be 65 or over.

The 1970 racial composition of the community expressed in percentages is 88.9 white, 10.6 black and 0.5 percent other. Total white population net gain for the 10 year period is 8,206 or 5.5% increase, but when measured against the over 14,000 residents annexed (who are known to be predominantly white) the facts would indicate that whites from the middle and upper income groups are leaving the City and most probably are settling in the surrounding area. The people left behind are on the average older and poorer. The black population of the City, according to the 1970 census figures, is 18,921 as compared to 11,645 in 1960. The black population total has increased by 7,276, a 62.5% increase since 1960. The major concentration of this black population is in five census tracts of the central city with the highest black percentage in any one tract being 73%. There are two other tracts which have percentages of 20 or more and both of these are also located in the first ring. While other minority population is rising rapidly (from 344 in 1960 to 757 in 1970), the total numbers are relatively low. This segment of the pop-

ulation, while being more widely dispersed in the community, is still concentrated mainly in areas near the core of the City.

Income Characteristics

Median family income for the City was \$10,401 as compared to \$11,010 for the total Fort Wayne SMSA according to figures from the 1970 Census. For Fort Wayne, the range by census tracts is from a low of \$5,152 to a high of \$16,511. There are fourteen census tracts with median incomes below \$9,000. A majority of these follow an uninterrupted pattern across the central city from near the western boundary to the east side industrial complex which lies outside the City limits. The six tracts with medians greater than \$13,000, with one exception, have at least one of their borders being a City limit boundary. The exception is contiguous on two sides to one of the other census tracts in this group.

To reinforce the concept of income distress, the figures for families below the poverty level match very closely with low median income.

The total number of families below poverty level is 2,750. With the deletion of two census tracts from the low median income list and the addition of two near northwest side census tracts, the above mentioned central city area accounts

for 1,498 of those families below poverty level (54.4% of the City total). Equally important, the six census tracts which have more than 16% of the families living in them below poverty level are located in the central city. Unemployment, under-employment, and the realatively high percentage of residents with low work-skill levels are major causes for the concentration of these pockets of poverty within the city limits. A secondary cause is the abnormally high proportion of senior citizens living in these income distress areas.

Economic Conditions

Fort Wayne's overall economy seems generally healthy with high average wages and low unemployment figures based on national averages. There are, however, many signs of lag present which are characteristic of older, heavily industrialized manufacturing centers.

The area economy is heavily dependent on manufacturing, especially the manufacturing of durable goods. In 1978, 36.0% of the area's non-agricultural work force was engaged in manufacturing, with 79.6% of these employees involved in the production of durable goods. Figures from 1970 showed 39.4% of the non-agricultural work force in the manufacturing sector. This represents an eight year decline of 3.4%. The second largest employment sector is the retail and wholesale trade group. This sector comprises 23.8% of the total non-

agricultural area workers. The corresponding 1970 figure was 22.1%.

Other trends indicate that the City's economy is not as strong as overall employment figures imply and that the market is not providing sufficient economic opportunity for its residents. The productivity of the area workers per dollar wage in 1972 has slipped to 84% of the national average. Absolute productivity has also declined, indicating that new capital investment in the area has not kept pace with the national average. If this trend continues, local employers will, at some time, not be able to operate their relatively old plants at a profit. Since the area is highly dependent on the manufacturing of durable goods, these industries are highly vulnerable to fluxations of the national economy. This instability reflects the relatively low productivity per dollar wage of the area's workers.

The area's labor force growth has been relatively stagnant since 1974. A stagnant or a declining labor force is not generally a characteristic of a healthy economy.

The city-wide rate of unemployment in 1978 was a relatively low 4.9%. However, certain areas of the city revealed high levels of unemployment. Of the seven census tracts with a significantly higher unemployment rate than the city-wide

rate, six are in the central city immediately adjacent to the central business district. Although the City does not have an overall high unemployment rate, the uneven geographical distribution of unemployment does cause serious effects in certain areas of the City.

Since 1963, the retail sector of Fort Wayne's CBD has declined, leaving behind vacant store fronts and a general deterioration and disinvestment. Retail sales in the CBD declined 28% between 1967 and 1972, with indications that this decline is continuing. Similar declines have occurred in several other City retail areas, especially retail districts. Numerous large structures have evidently lost their desirability for economic activities, particularly light industry. These structures are vacant and contribute to further decline. In addition to vacant non-residential structures in the central City, there are a large number of underutilized structures. Frequently, older multi-story nonresidential structures located in the downtown area are only utilized at ground level; whereas, productive use of this underutilized space could strengthen the economy of the City.

While Fort Wayne's per capita income has continued to grow, from \$3,275 in 1969 to \$4,752 in 1974, it is still far below the national average. During this same five year period, the nation's per capita income grew from \$3,966 to \$5,486.

In 1969, Fort Wayne's figures represented 82.6% of the nation's figure. The comparable figures for 1974 indicate that Fort Wayne's per capita income has increased to 86.7% of the national average.

Housing Conditions

The age of the housing stock is varied but in general, the oldest units are on the near east and west side with the last area to develop being north of the St. Mary's and Maumee Rivers. Figures indicate that 48% of all housing units were constructed before 1940 (many date back into the 19th century); 15% were built in the period between 1940-1949, and the other 37% were constructed after 1949.

Between November 1, 1977 and January 1, 1979, the City issued building permits for the construction of 380 single family residential units and 730 multi-family units. Generally, as the distance from the central City increased, the number of building permits issued for new residential construction increased. Super-imposed upon this trend is also the dominance of new residential construction occurring in the northeastern sector of the City.

The total number of housing units in Fort Wayne, according to the 1979 Housing Assistance Plan, is 67,423. This figure represents a 6,077 housing unit increase from the 1970 Census

figure. The 67,423 housing units identified in the 1979 Housing Assistance Plan are composed of 64,238 occupied and 3,185 unoccupied housing units. This represents a vacancy ratio of 4.7%. Of the 64,238 occupied housing units in the City, 61.3% are owner occupied, while the remaining 38.7% are renter occupied. Generally, as the distance from the center of the City increases, the percentage of owner occupancy increases, while the vacancy rate decreases.

In regard to types of housing, single family predominates with 72% of the units. Many census tracts contain concentrations of single family units of over 90%. Two-family units comprise 10% of the City-wide total. Multi-family structures make up 17% of the dwelling units, with some census tracts composed of 50% or more with units of this type.

Classification of structural conditions in the 1976 Housing Condition Study are broken down into four categories: (1) structurally sound (2) needing minor repair (3) needing major repair, and (4) deteriorated, structurally unsound. City-wide figures indicate that 22.1% of the housing stock is in need of major repair or is deteriorated. The pattern of census tracts which have concentrated housing problems greater than the City-wide figures extends from west to east through the central city with all census tracts along the east-west railroad lines having disproportionally high numbers of de-

teriorated housing stock. There are also two tracts on the near northwest side which show severe signs of housing decline. The two census tracts which about the Central Business District (CBD) have more than 30% of their units in a deteriorated or structurally unsound condition with more than 50% of the units in each tract needing major repair. There are three inner city tracts which have more than 20% of their housing units in a deteriorated condition and all of these areas have at least 50% of their units falling in the deteriorated or in need of major repair categories.

An indicator of inner city abandonment can be observed in the number of vacant housing units. While the 1977 City-wide vacancy rate is 6%, there are seven inner city census tracts that are substantially higher (9% or more) than that percentage. The highest vacancy rate in any tract is 30.2%.

The 1970 Census reveals that 3,608 of the 61,377 occupied housing units located within the City of Fort Wayne are overcrowded. These figures indicate that 5.9% of the occupied housing units in the City are over crowded.

The 1970 City-wide median housing value is \$13,834. While many census tracts in the first and second ring of the City fall under this median housing value, there are several other conclusions to be reached using the figures available. Cen-

sus tracts in the northeast quadrant of the City are all above the median with one exception, and this tract falls only \$400 below the median. The major portion of housing drastically below the median (25% or more) is concentrated in sixteen census tracts within the inner city or in neighborhoods contiguous to that area.

2. Participation of Minorities

Minorities will benefit from this project through the creation of permanent jobs in the hotel and civic center and through the creation of construction jobs.

3. Residential Neighborhood Impact Statement

The project is located on a 1.006 acre parcel in the center of the Downtown area. It is surrounded by neighborhoods having concentrations of low income and minority persons which are target neighborhoods for Community Development Program purposes. The creation of job opportunities close to the place of residences is the major benefit of the project to low and moderate income residents. The environmental assessment prepared for this UDAG application has determined that the proposed project will have no significant effect upon the environment and will be developed in a manner that is compatible with surrounding land uses and is in conformance with the adopted plan for the area.

4. Relocation Impacts

a. UDAG Form 7

Not applicable

b. Relocation Plan

Not required for this project

5. Housing Impacts

a. UDAG Form 8

Not applicable

b. Housing Opportunities/Impacts Associated with the Project

Not applicable

Part III. Section E.

**Employment Plan to Assure that the
Private Sector Jobs Established are
Available to the Unemployed**

PART III

SECTION E - Employment Plan to Assure that the Private Sector

Jobs Established are Available to the Unemployed

1. Anticipated Employment Impacts

The jobs to be created by the development of Raddison-Fort Wayne Hotel and Civic Center are as follows:

Hotel Employees

<u>Job Classification</u>	<u>No. of Employees</u>
Administration	14
Front Desk	16
Sales	9
Bell Staff	11
Maintenance	12
Grounds	4
Housekeeping	56
Laundry	14
Coffee Shop	21
Restaurant	44
Kitchen	23
Banquet Staff	23
Room Service	18
Bar and Lounge	<u>23</u>
Total Permanent Jobs	288
Temporary employees for banquets and maintenance of facilities - 60	
Full time equivalents	30

Civic Center Employees

<u>Job Classification</u>	<u>No. of Employees</u>
Executive Div.	1
Manager	1
Secretary	1
Operations Supervisor	1
Foreman	2
Receptionist/Typist	1
General Help	<u>10</u>
	17
Total permanent jobs to be created by project	<u>335</u>

The creation of 335 jobs by 1991 with an annual payroll of
is most significant to Fort Wayne.

2. Local Training and Employment Programs.
3. Extent of Linkage
4. Linkage of Programs
5. Resources
6. Concurrence of Training Provider and Private Employers
7. Timetable for Implementation

The response to the above sections is contained in the letter from Radisson Hotels attached as Exhibit 16. As indicated in the above letter, the project will be closely linked with

available referral programs and will supply the opportunity employment for the unemployed and underemployed of the community.

A key element in the employment plan for this project is the accessibility of the site to all areas of the City via public bus transit. The attached letter from the Fort Wayne Public Transportation Corporation, the route map and schedules (Exhibit 17) document the accessibility of the site at the present time.

EXHIBIT 16

RADISSON HOTEL TRAINING & EMPLOYMENT

EXHIBIT 17

PUBLIC TRANSPORTATION CORP. LETTER

Part III. Section F.
Record of the Applicant

FUNDING SOURCE	PROGRAM TITLE	CONTACT NUMBER	FUNDING DATE	FUNDING AMOUNT	PROJECT COMPLETION	SURPLUS	OVERRUN
Dept. of Comm. Economic Development Administration	Street Light- ing addition City Hall Con- version	LPW Program	78	\$2,300,000	1979	N.A.	N.A.
Department of Hous- ing and Urban Development	NDP	A-IND-14	4/24/73	\$1,272,800	4/76	N.A.	N.A.
Department of Hous- ing and Urban Development	Main Street Urban Renewal	IND R-52	10/65	\$4,207,147	5/73	N.A.	N.A.
Department of Hous- ing and Urban Development	Hanna-Creigh- ton Urban Re- newal Project	IND R-51	9/10/65	\$5,077,085	5/73	N.A.	N.A.
Department of Hous- ing and Urban Development	Community De- velopment Block Grant	B-79-MC-18-0003 B-79-MC-18-0003 B-79-MC-78-0003	11/15/77 8/21/78 7/25/79	\$2,377,000 \$2,585,000 \$2,770,000	In Process	N.A.	N.A.
Department of Hous- ing and Urban Development	UDAG Civic Center Garage Pro- ject	B-78-AA-18-0004	6/20/79	\$1,462,000	In Process	N.A.	N.A.

Section F - Record of Applicant

Part IV.
Project Approval Information

PART IV

PROJECT APPROVAL INFORMATION

Section A -- Technical Requirements

This section is a modification of a requirement of OMB Circular A-102. The checklist below assures a federal agency that key issues have been covered in a program application. When an exhibit is required, insert it at the end of this section and number it according to the item it addresses.

1. Does this assistance request require state, local, regional, or other priority rating?
 _____ Yes X No
 Name of Governing body _____
 Priority Rating _____

2. Does this assistance request require federal, state, or local advisory, historic preservation, educational or health clearance?
 X Yes _____ No
 Name of Agency or Board _____
 City of Fort Wayne _____
 Documentation attached as Exhibit _____

3. Does this assistance request require clearing-house review in accordance with OMB Circular A-95
 X Yes _____ No
 Name of Clearinghouse Agency _____
 State Planning _____
 Services Agency _____
 Comments attached as Exhibit _____
 If "no," explain why in your Exhibit _____

4. Does this assistance request require state, local, regional or other planning approval?
 _____ Yes X No
 Name of Approving Agency _____

 Date: _____

- 5a. Is the proposed project covered by an approved comprehensive plan?
 X Yes _____ No
 Check one: State _____
 Local X
 Regional _____
 Reference should be made to this plan in Part II.B.1.

- b. Does the applicant have a locally approved Community Development (CD) plan and Housing Assistance Plan (HAP)? (Such adopted plans must predate submission of the application.)
 X Yes _____ No
 Approval Date(s):
 CD Plan 7/25/79
 HAP 7/25/79
 If relevant to the project, cite appropriate tables and Sections of the CD plan and HAP in Part II.B.1.
 If "no," attach a small city single purpose FDS form (HUD 7067) to this application as your Exhibit _____

6. Will the assistance requested serve a Federal installation?

_____ Yes X No

If "yes," in your Exhibit _____, name the installation, describe its purpose, estimate the Federal population to be served, and provide other pertinent information.

7. Will the assistance requested result in improvements on Federal land or to a Federal installation?

_____ Yes X No

If "yes," be certain that appropriate information is set forth in Part II.B.1.

- 8a. Will the application require an Environmental Impact Statement (EIS)?

_____ Yes X No

If "yes," in your Exhibit _____, briefly describe the environmental impact. If an adverse impact is anticipated, explain what action will be taken to minimize the impact. Reference any planned filing of an EIS. Be certain that the timing of an EIS is discussed in Part II.B.8.b.

- b. On what date was the level of clearance finding made?

Date: 4-29-80

9. Will the assistance requested cause the displacement of individuals, families, businesses, or farms?

_____ Yes X No

If "yes," be certain this topic is covered with respect to individuals and families in Part III.D.4.b.

10. Has other related governmental assistance on this project been approved or applied for? Will any other be applied for?

_____ Yes X No

Be certain this topic is covered, where appropriate, in Part II.B.7.e.

11. Is the project in a designated flood hazard area?

_____ Yes X No

If "yes," be certain this topic is covered in Parts II.B.3 and II.B.8.

12. Will the proposed project result in the relocation of industrial or commercial facilities from one metropolitan or non-metropolitan area to another?

_____ Yes X No

If "yes," be certain this is described in III.B.3.

13. Does the proposed project involve the jurisdiction of more than one municipality?

_____ Yes X No

If "yes," be certain the topic has been covered in Part II.B.6.d.

SECTION 3 -- Citizen Participation,
Civil Rights, Equal Employment and Housing
Opportunity

In this section, the applicant must demonstrate its positive record of (i) involving citizens in the application and project development process, (ii) dealing successfully with issues such as advancing civil rights, (iii) providing equal opportunity in employment to minorities (as demonstrated by its employment records), and (iv) promoting equal housing opportunity within its jurisdiction. Answer the questions and make certain that the topics have been fully covered in the referenced section, where appropriate. Identify any exhibit inserted at the end of the section.

- 1a. Is there a written Citizen Participation Plan describing the process for citizens to take part in the development of the application as required in 24 CFR Part 570.456 (c)(1)(A) of the Regulations? If "no," explain in your Exhibit _____.
☒ Yes ☐ No
- b. Did actual citizen participation in the development of the application equal or exceed that expected in the Citizen Participation Plan or the requirements as stated in the Regulations? If "yes," explain what occurred in your Exhibit _____.
☒ Yes ☐ No
2. If the project is residential or "neighborhood" in nature, are neighborhood groups or community organizations involved in developing the application or in carrying out a component of the project? This topic should be covered in Parts II.B.6.d. and III.B.2. where appropriate.
☐ Yes ☐ No NA hotel project
3. Does the applicant have any unresolved issues arising from civil rights compliance reviews, citizen participation allegations, lawsuits or other allegations against the proposed or any other federally assisted project (or funding) administered by the applicant? If "yes," describe the issues, the resolution timetable, and the possible outcomes in your Exhibit _____. Make reference to the suits, actions, etc. as appropriate in Part II.B.3.
☒ Yes ☐ No
4. Is the applicant under investigation by any federal office enforcing equal opportunity laws and regulations? If "yes," name the agency, the enforcement office and officers involved; explain the alleged problems; and discuss the resolution timetable, in your Exhibit 18 with reference to Part II.B.3. as appropriate.
☒ Yes ☐ No
5. Has the applicant submitted Form EEC-4 or comparable data to the HUD Area Office as of the preceding July 31 as a certification of continuing eligibility? If "yes," cite the report; if "no," explain why in your Exhibit _____.
☒ Yes ☐ No

12/7/79 submitted



THE CITY OF FORT WAYNE

CITY-COUNTY BUILDING • ONE MAIN STREET • FORT WAYNE, INDIANA 46802

office of the mayor

March 10, 1980

Mr. Moon Landrieu
Housing and Urban Development Department
451 7th Street, S.W.
Washington, D.C. 20410

Dear Mr. Landrieu:

When this Administration assumed office, 22 unresolved discrimination cases were pending against the City of Fort Wayne. Today, less than 75 days later, four cases have been settled or dismissed, eight are in the final stage of negotiation on a mutually agreeable consent decree, two will be settled in court on 3/18/80, and eight are still pending. (See Appendix A) Of these last eight, the City is attempting to achieve a solution in the following manner:

1. E. Kelsaw's complaint against the Police Department is still awaiting investigation. If probable cause is found the City will seek a negotiated settlement through the Metropolitan Human Relations Commission.
 2. The two 1979 cases against the Fire Department are still in preliminary stages of investigation.
 3. The Curler case is a reverse discrimination matter which the City believes is without merit. The matter will be settled in court.
 4. The J. Nuckols and C. King cases arise from the same factual circumstances. The City's Department of Community Development and Planning is working with HUD to develop acceptable procedures for the recruitment, hiring and promotion of minority planners. CD&P submitted a draft EEO plan to the HUD Regional Office approximately two weeks ago, and the Deputy Director is meeting with a HUD representative this week to discuss the plan. (See Appendix B)
 5. The Nuckols case against the Police Department is in Court.
- And, finally
6. There has been a pre-determination settlement signed in the Frank Paige case and it is essentially closed.

In short, the City is making a good faith effort to reach a final resolution of every discrimination case inherited by this Administration.

In addition to its efforts to resolve outstanding EEO complaints, the new Administration is drafting a comprehensive Affirmative Action Plan to insure minority representation at all levels of city government. Toward this end, the Mayor created a special Affirmative Action Task Force, consisting of the Assistant for Minority Affairs, the City's EEO officer, the Board of Safety's EEO officer, and one of the City's Employment Specialists, to complete the plan. The Task Force has sought and obtained the technical assistance and advice of the City's Personnel Director, the Metropolitan Human Relations Commission, and EEO officers from private industry. Within 30 days, the Task Force will have finished their efforts and submitted a final document to the appropriate federal agencies.

We expect the City's Plan to be exemplary, and to provide a framework for the equal employment and promotion of women and minorities. However, the City recognizes that there must be adequate mechanisms to guarantee that our Affirmative Action Plan will be forthrightly and completely implemented.

Consequently, the new Administration is committed to the following. First, the City shall employ an EEO officer to assist line and staff management in solving the problem areas identified in the Plan. The EEO officer will design and implement audit and reporting systems to gauge the effectiveness of the City's minority recruitment efforts, indicate the need for remedial action and determine the degree to which EEO goals and objectives have been obtained.

The City will employ an EEO officer to monitor the A.A. efforts of Departments (Police, Fire, and EMS), which fall under the jurisdiction of the Board of Safety.

The City will employ an EEO Specialist to monitor the A.A. efforts of the CETA program.

Fourth, the City will employ a Special Assistant for Minority Affairs whose duties shall include coordination of EEO efforts across the City bureaucracy, guarantee aggressive performance by the EEO officers, and report directly to the Mayor on each department's success in complying with the goals and timetables established in the Plan.

Fifth, the Mayor will require that senior staff be responsible for:

1. Assisting in identifying problem areas and establishing EEO goals and objectives.
2. Active involvement with local minority organizations, women's organizations, community action groups and community service programs.
3. Periodic audit of training programs hiring and promotion patterns to remove impediments to the attainment of goals and objectives.

4. Regular discussion with middle management first line supervisors and employees to be certain that EEO policies of the company are being followed.
5. Assuring that qualifications of all employees are reviewed to insure minorities and females are given full opportunities for transfers and promotions.
6. Performing periodic audits of all the departmental/functional areas to insure that the location is in compliance (ie; posters properly displayed), all facilities are in fact desegregated both in policy and use and that minority and female employees are afforded a full opportunity and are encouraged to participate in all city sponsored educational, training recreational and social activities.
7. Insure that supervisors are aware that their work performance is being evaluated on the basis of their equal employment opportunity efforts and results, as well as other criteria.

Middle Managers and First Level Supervisors -- Shall be responsible for:

1. Carrying out the purpose and intent of the City's EEO policies in all personnel actions involving their judgement and involving hiring, transfers, promotions, terminations, compensation actions, education and training.

The essential element of any affirmative action plan is the goals and timetables established for hiring and promotion.

The City will strive to meet its goals by expanding resources to interest women and minorities in government employment, active recruitment efforts and advertising targeted to reach minorities. This three-pronged effort will be based upon the following specific means of insuring minority representation. (See Appendix C)

Finally, the Mayor will empower the EEO officers to audit each Department's compliance with the Affirmative Action Plan. The results of this audit will be the basis for corrective action by the Mayor's Office, and, will, in addition, be factored into the Department head evaluations which are the basis for promotion and salary increases.

Any new Administration deserves an opportunity to address the problems that are inherited from the previous Administration. The Moses Administration intends to resolve satisfactorily all EEO complaints and implement an aggressive, affirmative action program. Efforts towards achieving these two goals have produced considerable progress. In barely sixty days, City representatives have nearly completed an affirmative action plan that is more comprehensive than any previous plan submitted and one which we are confident will bring us out of our present state of non-compliance. We have also settled several of the major discrimination cases lodged against the City.

It is important for local City Administrations to actively maintain strong working relationships with Federal agencies. One of this Administrations' primary commitments is to the concept of a total partnership with agencies such as HUD. We hope you share these concerns with us and will grant us an appropriate extension without penalty.

Sincerely,

A handwritten signature in dark ink, appearing to read "Win Moses, Jr.", with a stylized flourish at the end.

Win Moses, Jr.
Mayor

WM/ra

Encls. 3

APPENDIX A

DEPARTMENT	COMPLAINANT	CASE #	BASIS	JURISDICTION	FILE DATE	PREVIOUS STATUS	CURRENT STATUS
POLICE	H. SANDERS	E-165 TIN6-157B	RACE	MHRC, EEOC	1/26/76	PROBABLE CAUSE FOUND 12/15/78 UNDER CONCILIATION	CONSENT AGREEMENT CURRENTLY IN NEGOTIATION WITH MHRC AND POLICE ATTORNEY. SETTLEMENT EXPECTED WITH- IN 30 DAYS.
POLICE	R. NATHAN	E-619 TIN6-1580	RACE	MHRC, EEOC	2/17/79	PROBABLE CAUSE FOUND 12/15/78 UNDER CONCILIATION	CONSENT AGREEMENT CURRENTLY IN NEGOTIATION WITH MHRC AND POLICE ATTORNEY. SETTLEMENT EXPECTED WITH- IN 30 DAYS.
POLICE	A. PRUITT	E-618 TIN6-1581	RACE	MHRC, EEOC	2/23/76	PROBABLE CAUSE FOUND 12/15/78 UNDER CONCILIATION	CONSENT AGREEMENT CURRENTLY IN NEGOTIATION WITH MHRC AND POLICE ATTORNEY. SETTLEMENT EXPECTED WITH- IN 30 DAYS.
POLICE	R. HOSELY	E-617	RACE SEX	MHRC ONLY (NOTE: EEOC CASE CLOSED SOME TIME AGO)	2/20/76	PROBABLE CAUSE FOUND 12/15/78 UNDER CONCILIATION	CONSENT AGREEMENT CURRENTLY IN NEGOTIATION WITH MHRC AND POLICE ATTORNEY. SETTLEMENT EXPECTED WITH- IN 30 DAYS
POLICE	R. HATCHER	E-614 TIN6-1577	RACE	MHRC, EEOC	1/27/76	PROBABLE CAUSE FOUND 12/15/78 UNDER CONCILIATION	CONSENT AGREEMENT CURRENTLY IN NEGOTIATION WITH MHRC AND POLICE ATTORNEY. SETTLEMENT EXPECTED WITH- IN 30 DAYS.
POLICE	L. SPEARMAN	E-616	RACE	MHRC	1/22/76	PROBABLE CAUSE FOUND 12/15/78 UNDER CONCILI- ATION	CONSENT AGREEMENT CURRENTLY IN NEGOTIATION WITH MHRC AND POLICE ATTORNEY. SETTLEMENT EXPECTED WITH- IN 30 DAYS.
POLICE	J. NUCKOLS	E0-864-79 E0-865-79 E0-866-79	RACE SEX N.C.	MHRC, EEOC	3/2/79	UNDER INVESTIGATION.	MOTION TO DISMISS FILED BY SPECIAL ATTORNEY. (NOTE: SIMILAR C/P WITH REVENUE SHARING)

PAGE

1 of 1

Part IV Section B3, 4
Exhibit 18

DEPARTMENT	COMPLAINANT	CASE #	BASIS	JURISDICTION	FILE DATE	PREVIOUS STATUS	CURRENT STATUS
POLICE	MHRC	77C-014	RACE SEX NO	LEAA	9/76	UNDER INVESTIGATION PRELIMINARY DETERMINATION	CONSENT AGREEMENT CURRENTLY IN NEGOTIATION WITH MHRC AND POLICE ATTORNEY. SETTLEMENT EXPECTED WITH- IN 30 DAYS.
POLICE	B. ELLIOTT	EO-873-79	RACE SEX	MHRC, EEOC	3/14/79	UNDER INVESTIGATION	DISMISSED BY MHRC FOR LACK OF CAUSE. NO LONGER IN FILES OF EEOC. UNFOUNDED.
POLICE	E. KELSAW	EO-877-79	HANDI- CAP RACE	MHRC, MHRC / EEOC	3/16/79 3/16/79	AWAITING INVESTIGATION DISCOVERY PROBLEM	AWAITING INVESTIGATION, IF PROBABLE CAUSE FOUND, THE CITY WILL SEEK A NEGOTIATED SETTLEMENT.
POLICE	M. GATTON	EO-947-79	SEX	MHRC, EEOC	6/21/79	UNDER INVESTIGATION OPEN WITH EEOC	DISMISSED BY EEOC
FIRE	J. BEAVIS DIRECTOR'S CHARGE	EO-791-78	SEX RACE NO	MHRC, EEOC	9/21/78	ALLEGATIONS OF SYSTEMIC DISCRIMINATION	SETTLED BY AFFIRMATIVE ACTION PLAN.
FIRE	L. ELLINGWOOD	EO-880-79 EO-881-79	HANDI- CAP	MHRC	3/19/79	PROBABLE CAUSE FOUND	SETTLEMENT SET FOR 3/13/80
FIRE	L. ELLINGWOOD	EO-882-79 EO-883-79	SEX	MHRC, EEOC	3/19/79	PROBABLE CAUSE FOUND	SETTLEMENT SET FOR 3/13/80

ARTMENT	COMPLAINANT	CASE #	BASIS	JURISDICTION	FILE DATE	PREVIOUS STATUS	CURRENT STATUS
IRE	G. STRAIN	EO-1047-8D	RACE SEX	MHRC, EEOC	11/19/79	PENDING INVESTIGATION	PENDING INVESTIGATION
IRE	T. LEON	EO-9D9-79	HANDI- CAP	MHRC	5/11/79	UNDER INVESTIGATION	UNDER INVESTIGATION
HUMAN SHELTER	C. CURLER	??	RACE	SUPERIOR COURT	1978	WHITE MALE ALLEGING RACIAL DISCRIMINATION	PENDING IN COURT
D&P	J. NUCKOLS	??	RACE	HUD	1979	UNDER INVESTIGATION	PRELIMINARY DETERMINATION ISSUED. AFFIRMATIVE ACTION PLAN SUBMITTED.
D&P	C. KING	EO-936-79	RACE SEX	MHRC, EEOC	6/12/79	PRE-DETERMINATION SETTLEMENT SIGNED	OBLIGATIONS CONTINUING
ETA	F. PAIGE	EO-918-79	RACE	MHRC, EEOC	5/16/79	PRE-DETERMINATION SETTLEMENT SIGNED	OBLIGATIONS CONTINUING
ITY	E. BEAL	??	RETALI- ATION	REVENUE SHARING EEOC	6/79 7/79	UNDER INVESTIGATION	SETTLED 3/80 THROUGH NEGOTIATIONS WITH THE CITY ATTORNEY AND ERNIE BEAL

PARTMENT	COMPLAINANT	CASE #	BASIS	JURISDICTION	FILE DATE	PREVIOUS STATUS	CURRENT STATUS
CITY	J. NUCKOLS	??	RACE SEX NO	REVENUE SHARING	1978	PRELIMINARY DETERMINATION ISSUED.	CONSENT AGREEMENT CURRENTLY IN NEGOTIATION WITH MHRC AND POLICE ATTORNEY. SETTLEMENT EXPECTED WITHIN 30 DAYS.

Part V.

Assurances

PART V
ASSURANCES

The Applicant hereby assures and certifies that:

1. It possesses legal authority to apply for the grant and to execute the proposed program.
2. Its governing body has duly adopted or passed as an official act a resolution, motion or similar action authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
3. It has complied with all the requirements of CMS Circular A-95 as modified by 24 CFR Part 570.310 and that either:
 - a. Any comments and recommendations made by or through clearinghouses are attached and have been considered prior to submission of the application; or,
 - b. The required procedures have been followed and no comments or recommendations have been received.
4. Prior to submission of its application, the applicant has:
 - a. Prepared a written citizen participation plan, which:
 - (1) Provides an opportunity for citizens to participate in the development of the application, encourages the submission of views and proposals, particularly by residents of blighted neighborhoods and citizens of low- and moderate-income, provides for timely responses to the proposals submitted, and schedules hearings at times and locations which permit broad participation;
 - (2) Provides citizens with adequate information concerning the amount of funds available for proposed community development and housing activities, the range of activities that may be undertaken, and other important program requirements;
 - (3) Provides for public hearings to obtain the views of citizens on community development and housing needs; and
 - (4) Provides citizens with an opportunity to submit comments concerning the community development performance of the applicant.
 - b. Followed this plan in a manner to achieve full participation of citizens in development of the application. The applicant shall also follow this plan to achieve full citizen participation in all other stages of the program.
5. Its chief executive officer or other officer of the applicant approved by HUD:
 - a. Consents to assume the status of a responsible Federal official under the National Environmental Policy Act of 1969 insofar as the provisions of such Act apply to 24 CFR 570;

- b. Is authorized and consents on behalf of the applicant and himself to accept the jurisdiction of the federal courts for the purpose of enforcement of his responsibilities as such an official.
6. The Community Development Program has been developed so as to give maximum feasible priority to activities which will benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight.

NOTE: The requirements for this certification will not preclude the Secretary from approving an application where the applicant certifies, and the Secretary determines, that all or part of the Community Development Program activities are designed to meet other community development needs having a particular urgency as specifically explained in the application in accordance with 24 CFR 570.302(f).

7. It will comply with the regulations, policies, guidelines, and requirements of CMB Circular No. A-102, Revised, and Federal Management Circular 74-4 as they relate to the application, acceptance, and use of Federal funds under 24 CFR 570.
8. It will administer and enforce the labor standards requirements set forth in 24 CFR 570.605 and HUD regulations issued to implement such requirements.
9. It will comply with all requirements imposed by HUD concerning special requirements of law, program requirements, and other administrative requirements, approved in accordance with CMB Circular No. A-102, Revised.
10. It will comply with the provisions of Executive Order 11296, relating to evaluation of flood hazards and Executive Order 11288 relating to the prevention, control, and abatement of water pollution.
11. It will require every building or facility (other than a privately owned residential structure) designed, constructed, or altered with funds provided under 24 CFR 570 to comply with the "American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped," Number A-117.1-R 1974, subject to the exceptions contained in 41 CFR 101-19.604. The applicant will be responsible for conducting inspections to insure compliance with these specifications by the contractor.
12. It will comply with:
- a. Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352), and the regulations issued pursuant thereto (24 CFR Part 1), which provides that no person in the United States shall on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives Federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the applicant, this assurance shall obligate the applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits.

- b. Title VIII of the Civil Rights Act of 1968 (Pub. L. 90-284), as amended, administering all programs and activities relating to housing and community development in a manner to affirmatively further fair housing; and will take action to affirmatively further fair housing in the sale or rental of housing, the financing of housing, and the provisions of brokerage services.
 - c. Section 109 of the Housing and Community Development Act of 1974, and the regulations issued pursuant thereto (24 CFR Part 570.601), which provide that no person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds provided under 24 CFR 570.
 - d. Executive Order 11063 on equal opportunity in housing and nondiscrimination in the sale or rental of housing built with Federal assistance.
 - e. Executive Order 11246, and the regulations issued pursuant thereto (24 CFR Part 130 and 41 CFR Chapter 60), and Section 4(b) of the Grant Agreement, which provides that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of Federal or federally assisted construction contracts. Contractors and subcontractors on Federal and federally assisted construction contracts shall take affirmative action to insure fair treatment in employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training and apprenticeship.
13. It will comply with Section 3 of the Housing and Urban Development Act of 1968, as amended, requiring that to the greatest extent feasible opportunities for training and employment be given to lower-income residents of the project area and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the area of the project.
14. It will:
- a. To the greatest extent practicable under State law, comply with Sections 301 and 302 of Title III (Uniform Real Property Acquisition Policy) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and will comply with Sections 303 and 304 of Title III, and HUD implementing instructions at 24 CFR Part 42; and
 - b. Inform affected persons of their rights and of the acquisition policies and procedures set forth in the regulations at 24 CFR Part 42 and Part 570.602(b).
15. It will:
- a. Comply with Title II (Uniform Relocation Assistance) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and HUD implementing regulations at 24 CFR Part 42 and Part 570.602(a);
 - b. Provide relocation payments and offer relocation assistance as described in Section 205 of the Uniform Relocation Assistance Act to all persons displaced as a result of acquisition of real property for an activity assisted under the Community Development Block Grant Program. Such payments and assistance shall be provided in a fair and

- consistent and equitable manner that insures that the relocation process does not result in different or separate treatment of such persons on account of race, color, religion, national origin, sex, or source of income;
- c. Assure that, within a reasonable period of time prior to displacement, comparable decent, safe and sanitary replacement dwellings will be available to all displaced families and individuals and that the range of choices available to such persons will not vary on account of their race, color, religion, national origin, sex, or source of income; and
 - d. Inform affected persons of the relocation assistance, policies, and procedures set forth in the regulations at 24 CFR Part 42 and 24 CFR Part 570.602(a).
- 16. It will establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
 - 17. It will comply with the provisions of the Hatch Act which limits the political activity of employees.
 - 18. It will give HUD and the Comptroller General through any authorized representatives, access to and the right to examine all records, books, papers, or documents related to the grant.
 - 19. It will insure that the facilities under its ownership, lease, or supervision which shall be utilized in the accomplishment of the program are not listed on the Environmental Protection Agency's (EPA) list of Violating Facilities and that it will notify HUD of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project is under consideration for listing by the EPA.
 - 20. It will comply with the flood insurance purchase requirement of Section 102(a) of the Flood Disaster Protection Act of 1973. Pub. L. 93-234, 87 Stat. 975, approved December 31, 1973. Section 103(a) required, on and after March 2, 1974, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any Federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards. The phrase "Federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect Federal assistance.
 - 21. It will, in connection with its performance of environmental assessments under the National Environmental Policy Act of 1969, comply with Section 106 of the National Historic Preservation Act of 1966 (16 U.S.C. 470), Executive Order 11593, and the Preservation of Archeological and Historical Data Act of 1966 (16 U.S.C. 469a-1, et. seq.) by:
 - a. Consulting with the State Historic Preservation Officer to identify properties listed in or eligible for inclusion in the National Register of Historic Places that are subject to adverse effects (see 36 CFR Part 800.3) by the proposed activity; and
 - b. complying with all requirements established by HUD to avoid or mitigate adverse effects upon such properties.

11. It certifies that it has not knowingly and willfully made or used a document or writing containing any false, fictitious, or fraudulent statement or entry. 18 U.S.C. 1001 provides that whoever does so within the jurisdiction of any department or agency of the United States shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

Signature

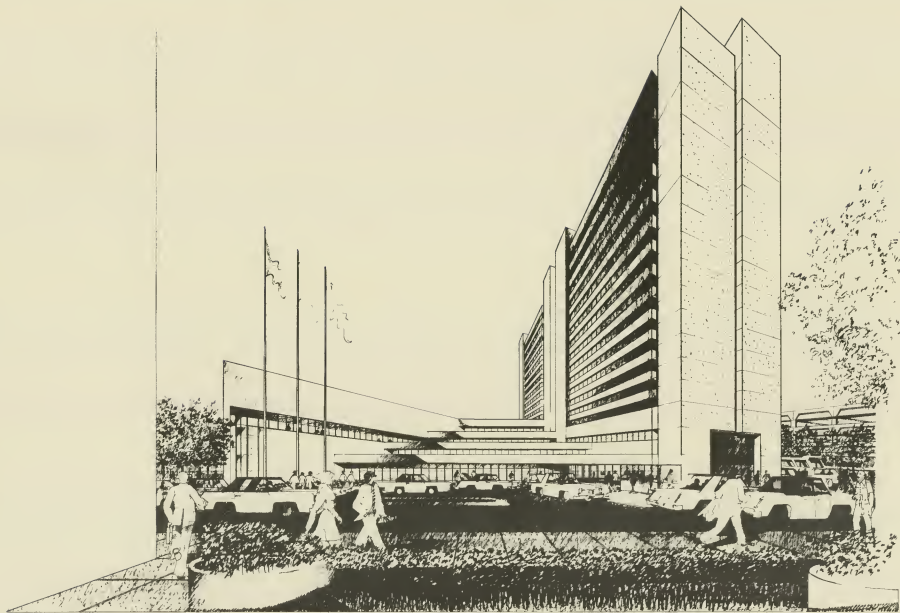
Winfield C. Moses, Jr.

4-30-80

Date

Mayor

Title



FORT WAYNE CONVENTION CENTER HOTEL

DEVELOPER: LANDMARK

ARCHITECT: ELLERBE ASSOCIATES INC.

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Site Information

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Market Analysis Letter

Hotel Commitment

Prepared for the
Fort Wayne Redevelopment Commission

The Able Assistance of
Executive Director, Robert P. Turk
is Gratefully Acknowledged.

INTRODUCTION

The City of Fort Wayne, Department of Redevelopment and other concerned, forward looking business people are actively seeking a new, 350 room, first class convention center headquarters hotel to be located in the central business district of Fort Wayne adjacent to its proposed new civic center.

The Redevelopment Authority retained Lavenhol & Horwath of Chicago, Illinois to provide an initial market study to determine the economic feasibility of a hotel and then an updated market feasibility letter for a specific hotel operation.

1. Market Analysis for a "Professional 350 Room Convention Center Hotel" -October 1978
2. Market Analysis - Letter Revision - March 1980 (enclosed)

Based upon the positive results of the market studies, the Redevelopment Authority, through public bid procedures, retained Landmark, a division of Appietree Enterprises Inc., Bloomington, Minnesota to provide concept plans, sketches and estimated construction costs escalated to a Fall 1980 construction start, secure the interest and commitment of a major convention center hotel operation, and obtain a mortgage lender's commitment and secure equity investors.

As an indication of their good faith in the future of Fort Wayne, the Redevelopment Authority has agreed to negotiate with Landmark for the following improvements which will benefit both the civic center and the hotel operations.

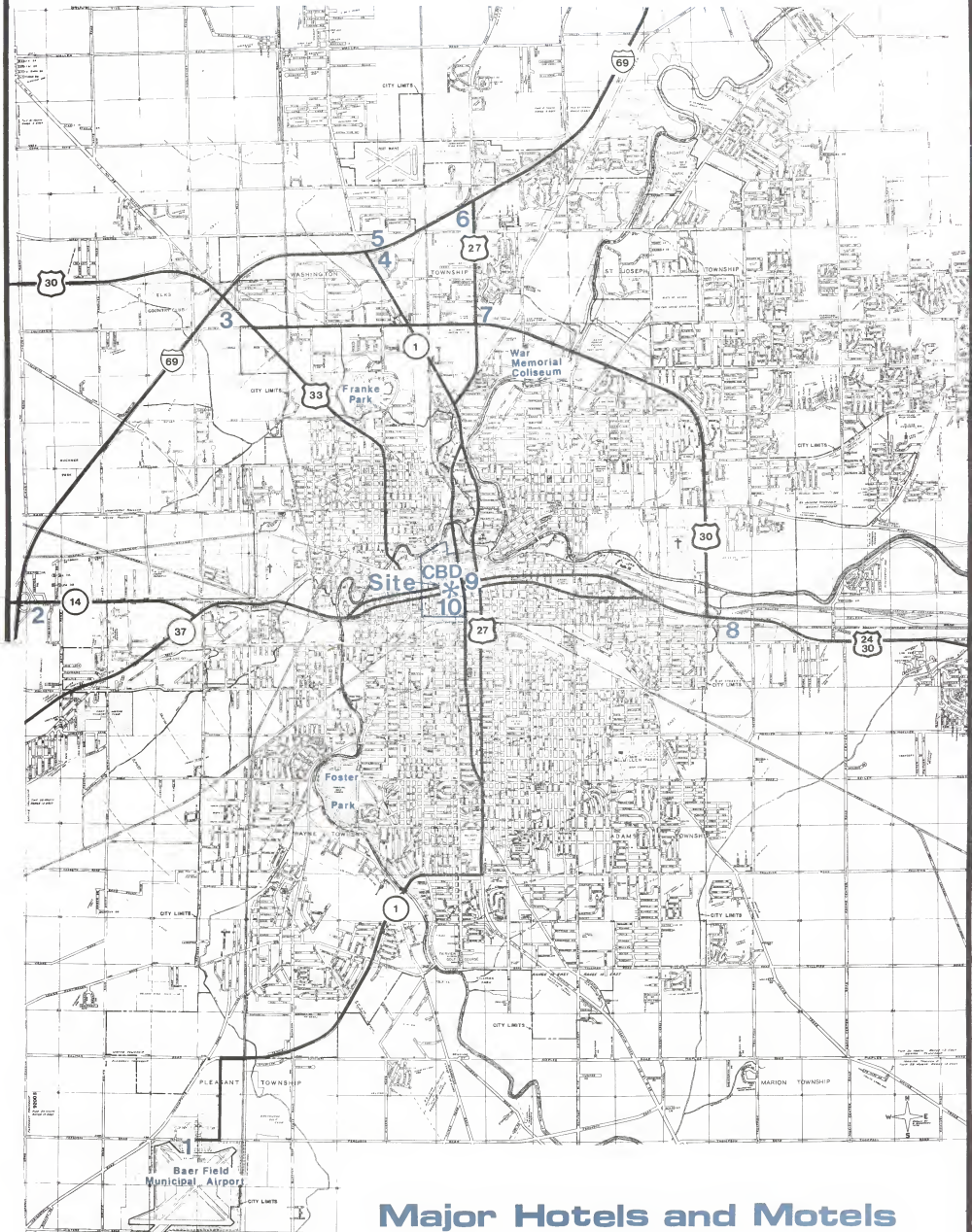
- Parking for 400 cars across Calhoun Street
- Pedestrian skyway bridge over Calhoun to the parking ramp
- Management contract with the hotel operator for both the hotel and civic center including food and beverage service
- Upgrading of banquet/meeting rooms in the civic building
- Landscaping and street beautification of plaza areas
- A liquor license for the hotel and civic center

In addition, the Redevelopment Authority will use these documents to fit an application for a H.U.D. Urban Development Action Grant (U.D.A.G.) which shall be completed and filed on or before 30 April 1980 with an assumed commitment date of June 1980. Approximately 300-350 new jobs will be generated by this project.

Based upon our research, Landmark is pleased to submit this brochure in fulfillment of its Phase I commitment to the Redevelopment Authority, and to advise we have a "GO" project for Fort Wayne, Indiana.

SITE INFORMATION

Fort Wayne, Indiana



Major Hotels and Motels

() Number of Rooms

- | | |
|--------------------------------|---|
| 1. Hilton Inn (120) | 6. Marriot Inn (228) |
| 2. Ramada Inn (150) | 7. Coliseum Motor Hotel - Best Western (99) |
| 3. Holiday Inn (151) | 8. Howard Johnson's (104) |
| 4. Hospitality Motor Inn (151) | 9. Holiday Inn (under renovation) (210) |
| 5. Imperial House (130) | 10. Travelodge (71) |



K. BORDNER CONSULTANTS
ONE APPLETREE SQUARE • (813) 854-0085
BLOOMINGTON, MINNESOTA 55430

TOTAL NUMBER OF ROOMS 1414

FORT WAYNE, INDIANA



FORT WAYNE, INDIANA



DESIGN CONCEPT

SITE PLANNING

The site planning concept responds to a need for developing a strong visual identity for both the Fort Wayne Civic Center and the Civic Center Hotel, while, at the same time, integrating the two buildings into a single functioning entity.

The hotel is placed along Calhoun Street which is the east side of the block, while the civic center is placed along Harrison Street, the west side of the block. An interior pedestrian circulation mall, which separates the civic center from the hotel, runs diagonally from the northeast corner to the southwest corner of the building. This pedestrian mall connects with a second level skyway to complete a link to the parking ramp on the east and on to the new Summit Square Office Building. The pedestrian skyway also crosses Jefferson south to the proposed conservatory and Embassy Theater Restoration.

The north side of the block, along Washington Street, is entirely devoted to a front entrance to Fort Wayne Civic Center, hereby creating a strong visual identity and auto drop-off. The south side of the block, along Jefferson Street, is entirely devoted to the Civic Center Hotel and provides its auto drop-off and identity. The east side of the block, along Calhoun Street, is devoted to pedestrian traffic and provides easy access from the sidewalk to all parts of the civic center complex. The west side of the block, along Harrison Street, provides service and truck access to the entire complex.

BUILDING DESIGN

The hotel on the east and civic center on the west are divided, and at the same time, integrated by the hotel public spaces, such as lobby, restaurants and bar. The hotel tower and the civic center building are like two hands which hold the public activity area between them. This area will provide a lively, festive space for people to meet and interact. It is an interior, climate-controlled courtyard along the skyway pedestrian mall.

FIRST FLOOR AREA

Civic Center: The first floor, ground level, of the civic center contains the exhibit hall, ballroom (9600 people, divisible by 2 or 3), kitchen and service entrance for both the hotel and civic center. Also on this level is the pre-function lobby which serves the exhibit hall and ballroom and can be secured to operate independently from the hotel.

Hotel: The first floor of the hotel contains a coffee shop (175), specialty restaurant (175), lobby bar (75), main lobby, front desk, administration and retail shops.

SECOND FLOOR

Civic Center: The second floor of the civic center contains a mix of large and small meeting rooms. Large meeting room (one at 200 people divisible by 2); medium meeting rooms (five at 75 people divisible by 2); small meeting rooms (two at 30 people; two at 15 people).

FLOORS THREE THROUGH FIFTEEN

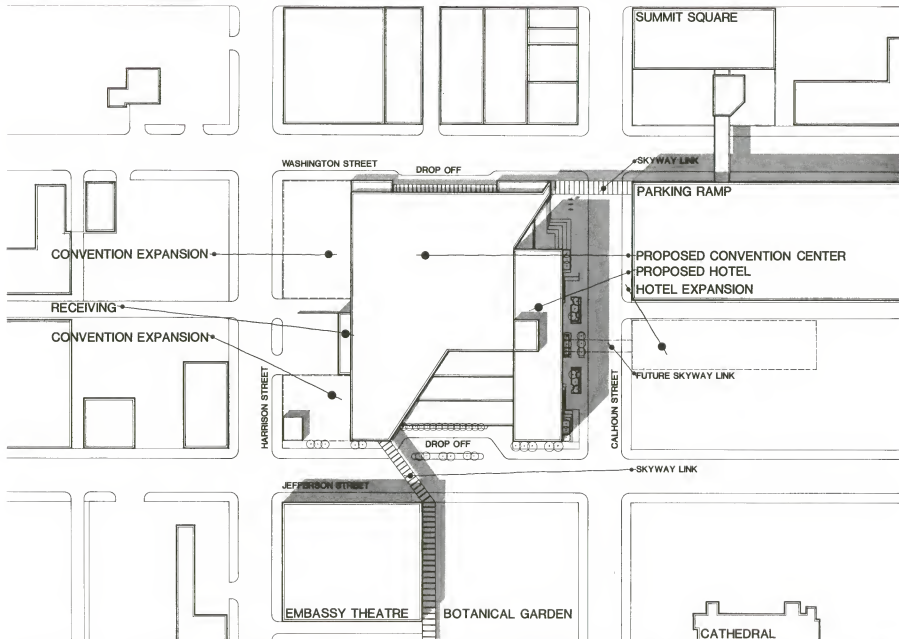
Hotel: Each of these floors contains 27 guest rooms with special suites at each end of the floor. There are a total of 351 guest rooms including the suites.

BASEMENT

Civic Center: The basement houses all service areas, mechanical equipment and general storage.

Hotel: All of the hotel's "back of the house" service support functions are located on this level.





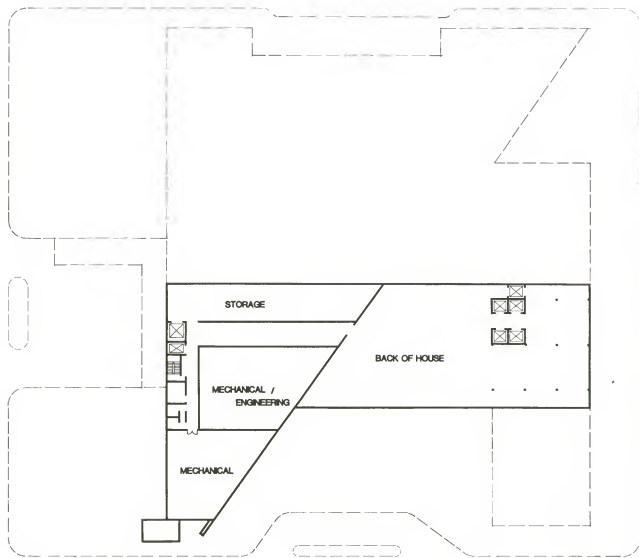
FORT WAYNE CONVENTION CENTER HOTEL

DEVELOPER: LANDMARK
ARCHITECT: ELLERBE ASSOCIATES INC.

SITE PLAN 1

15 FEBRUARY 1980





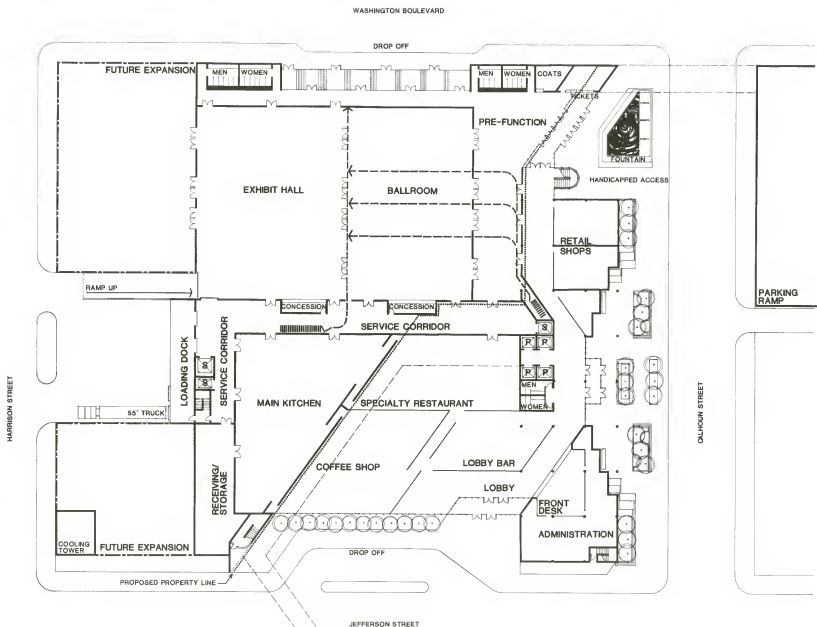
FORT WAYNE CONVENTION CENTER HOTEL

DEVELOPER: LANDMARK
ARCHITECT: ELLERBE ASSOCIATES INC.

BASEMENT LEVEL PLAN 2

15 FEBRUARY 1980





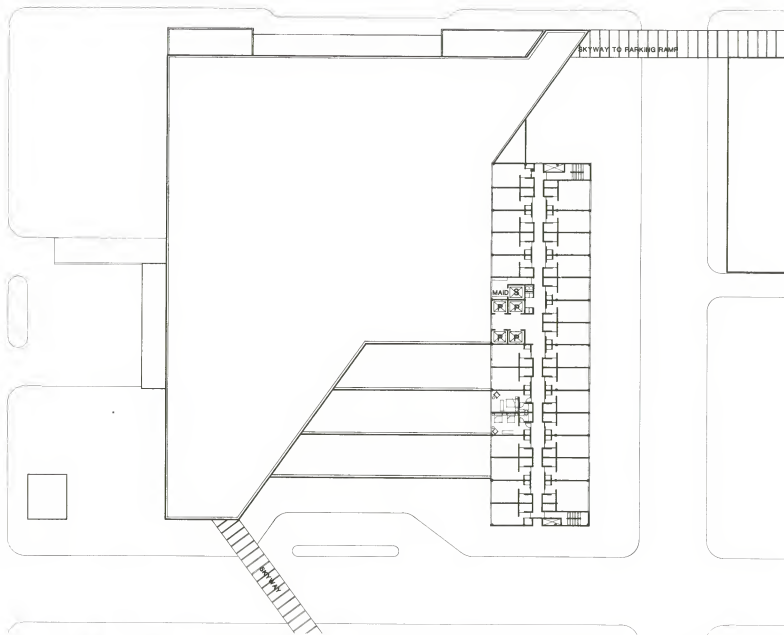
FORT WAYNE CONVENTION CENTER HOTEL

DEVELOPER: LANDMARK
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FIRST FLOOR PLAN 3

15 FEBRUARY 1980





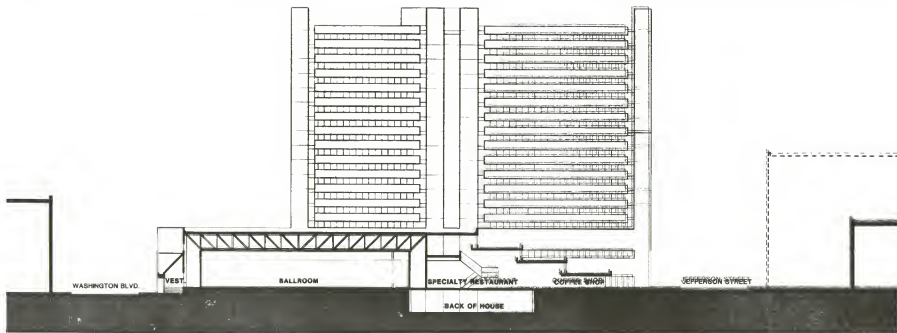
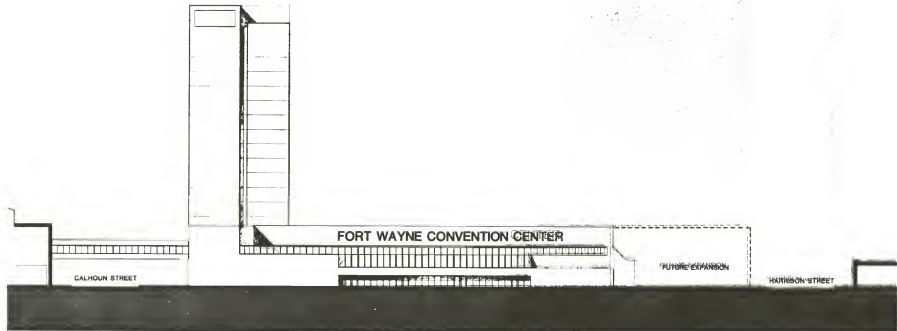
FORT WAYNE CONVENTION CENTER HOTEL

DEVELOPER: LANDMARK
ARCHITECT: ELLERBE ASSOCIATES INC.

GUEST FLOOR PLAN 5

15 FEBRUARY 1980





FORT WAYNE CONVENTION CENTER HOTEL

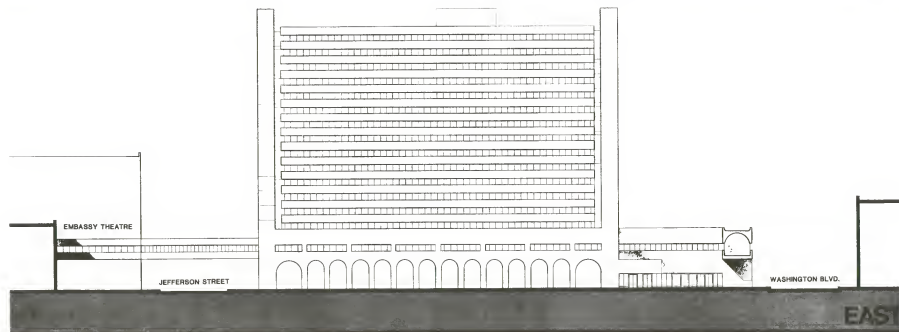
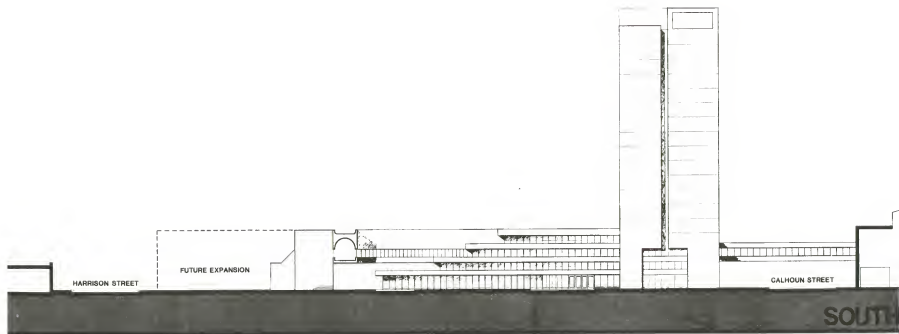
DEVELOPER: LANDMARK
ARCHITECT: ELLERBE ASSOCIATES INC.

ELEVATION/LONGITUDINAL SECTION

6

15 FEBRUARY 1989





FORT WAYNE CONVENTION CENTER HOTEL

DEVELOPER: LANDMARK
ARCHITECT: ELLERBE ASSOCIATES INC.

15 FEBRUARY 1980

ELEVATIONS 7



OUTLINE OF AREAS

OUTLINE OF AREAS

BASEMENT (Hotel Back of the House)

Valet Shop	500 sq. ft.
Laundry	2,000
Housekeeper's Office	120
Linen Storage	980
Soiled Linen	175
Linen Sorting	175
Lost & Found	120
Personnel Office	140
Security Office	120
Male Lockers and Toilets	675
Female Lockers	900
Telephone Switchboard	140
Telephone Equipment	700
Baggage Room	340
Storage	2,200
Electrical Switchgear	1,000
Engineer's Office	160
Engineering Storage	100
General Maintenance Shop	300

TOTAL NET AREA (Basement) 10,845 sq. ft.

TOTAL GROSS AREA (Basement) 12,168 sq. ft.

FIRST FLOOR (Main Entry)

Administration	2,200
Specialty Shops	2,632
Front Desk/Front Office	1,125
Coffee Shop	2,250
Lobby	6,950
Lobby Bar	2,300
Specialty Restaurants	4,633
Service Corridor	1,360
Toilets	1,000

TOTAL NET AREA (First Floor) 24,450 sq. ft.

TOTAL GROSS AREA (First Floor) 29,340 sq. ft.

SECOND FLOOR

Night Club	3,087
Banquet Storage	888
Meeting Rooms	7,864
Meeting Room Pre-Function	4,000
Toilets	1,000
TOTAL NET AREA (Second Floor)	15,951 sq. ft.

TOTAL GROSS AREA (Second Floor) 19,142 sq. ft.

THIRD - FIFTEENTH FLOORS (Hotel Guest Rooms)

Guest Rooms
(27 Rooms/Floor x 13 Floors = 351 Rooms) 10,088 sq. ft.

TOTAL NET AREA/GUEST ROOM FLOOR 10,088 sq. ft.

SUMMARY**NET AREA****GROSS AREA**

Basement	10,845 sq. ft.	12,168 sq. ft.
First Floor	24,450	29,340
Second Floor	15,951	19,142
Third - Fifteenth Floors (351 Rooms)	131,144	182,156

TOTAL BUILDING NET AREA 182,390 sq. ft.

TOTAL BUILDING GROSS AREA 242,806 sq. ft.

TOTAL NUMBER OF ROOMS = 351

Area / Room = 242,806 / 351 Rooms = 692 sq. ft. / Room

OUTLINE SPECIFICATIONS

DIVISION 1 - GENERAL REQUIREMENTS

1. Summary of the Work

1.1 Scope of Project

Provide all necessary labor, equipment and materials to construct the Fort Wayne Convention Center Hotel in Fort Wayne, Indiana.

The facility will be constructed in conformance to the drawings herewith submitted, and these outline specifications.

1.2 Hotel

The hotel will include:

351 Rentable Room Units
Garden Court Lobby
Front Office
Accounting Office
Lobby Bar
Coffee Shop
Retail Space
Sales & Administration Offices
Entertainment Lounge
Specialty Restaurant
Main Kitchen
Laundry
Employee Cafeteria
Employee Lockers
Meeting Rooms
Prefunction Areas
Service Areas

DIVISION 2 - SITE WORK

1 Earthwork

1.1 Excavate for new construction of buildings, footings, walls and site improvements. Remove all underground structures, formations or obstructions of any type as required to complete the excavation to accommodate the designed facility. Remove excess material from site. Provide granular backfill material as placed and compacted, in whatever quantities are necessary, including waste and spillage.

1.2 Support sides of excavation by sheeting, or other approved systems. Contractor shall design and maintain system.

1.3 Dewater excavation and control water on site as needed.

2.

3. Utilities
 - 3.1 Connect development to city systems in adjacent streets, for water, sanitary sewer, storm sewer, gas, electricity, telephone, etc. Provide meters, pits, valves, etc., for each separate connection if required by Utility Companies. The City of Fort Wayne, Indiana is responsible for bringing utilities to the construction limits of the site.
4. Landscaping
 - 4.1 Work to include furnishing, installing, and guarantee of materials, including topsoil shrubs, trees, plants, etc., as specified.
 - 4.2 Landscape trees, shrubs, and plants to be placed in earth-lined pits, fertilized and guaranteed for one year growth.

DIVISION 3 - STRUCTURAL

1. Design Criteria

Structural design will be based on and meet the requirements of the Uniform Building Code, 1976 Edition, and the 1978 amendments. Design will meet the requirements of all applicable departments of the City of Fort Wayne and the State of Indiana.
- 1.1 Stresses

Concrete @ 28 Days	F'c = 4,000 psi
Reinforcing Steel (Grade 60)	Fy = 60,000 psi
Structural Steel A-36, Fy = 36,000 psi	
Structural Steel A572 (Grade 50)	Fy = 50,000 psi
Bolts High-Strength	ASTM A-325
Bolts High-Strength	ASTM A-490
- 1.2 All reinforced concrete work will be designed by ultimate strength design, as per code requirements for reinforced concrete. (ACI 318-71)
- 1.3 Buildings designed per ACI Building Code, AISC Building Code, and Uniform Building Code.
- 1.4 Live loads will be stated in the building codes or minimum live-loads as follows:

Roof (Snow)	20 psf
Mechanical Equipment Rooms	150 psf
Storage	100 psf
Stairways	100 psf
Receiving (Truck Entry to Exhibit Hall)	
Uniform	250 psf
Concentrated	16 kips
Wind Load 1. Up to 50' - 0"	30 psf
Seismic Load	Zone 1
2. Structure of New Hotel
- 2.1 Foundation will be spread footings.

- 2.2 The columns and beam framework will be structural steel.
- 2.3 The structure of the Hotel tower will be staggered steel trusses with precast concrete floors.
- 2.4 The low roof structure will be of steel joists and metal deck.

3. Exposed Concrete

- 3.1 Design will make provisions for expansion joints, water bars, and waterproofing.
- 3.2 All exposed exterior concrete shall be precast concrete wall panels or cast-in-place concrete.

4. Fire Proofing

- 4.1 Structural steel will be fireproofed as necessary according to Code.

DIVISION 4 - MASONRY

1. Unit Masonry

- 1.1 Pattern concrete block shall be lightweight hollow, load bearing, textured faced, modular sized, concrete masonry units conforming to ASTM C90, Grade N, Type I.
- 1.2 Standard concrete block shall be lightweight hollow, load bearing, smooth faced, modular sized, concrete masonry units conforming to ASTM C90, Grade N, Type I.
- 1.3 Face brick shall be 3 5/8" x 3 5/8" x 11 5/8" size conforming to ASTM C216, Grade SW, Type FBX, with colored portland cement - lime mortar. Brick color to be selected by architect.
- 1.4 Mortar mix shall be of an approved laboratory design mix with a minimum compressive strength of 750 psi (Type N).
- 1.5 Joint reinforcement shall be ladder type with deformed longitudinal members and galvanized cross ties, No. 9 wire.
- 1.6 Provisions shall be made for bond beams and lintel beams, reinforcing rods and expansion joints.
- 1.7 Steel reinforcing bars shall conform to ASTM A615, Grade 60.

DIVISION 5 - METALS

1. Stair Railings/Stairs

- 1.1 Interior stair railings will be 1-1/2" standard steel pipe with all connections welded and all welds ground smooth.
- 1.2 All fire stairs will be prefabricated metal with closed risers, concrete filled treads and pipe railings.

2. Lightgage Framing

- 2.1 Steel studs will be 3 5/8" inches wide, 25 gauge, spaced 16 inches on center. Provide running channels at floor and ceiling with intermediate bracing as necessary.

- 3. Expansion Joints
- 3.1 Provide expansion joints with covers as required.
- 4. Miscellaneous Metals
- 4.1 Miscellaneous steel lintels will be furnished as required for openings cut through masonry walls for ductwork and doorways where required.
- 4.2 Provide steel angle and channel hangers and framing throughout as required.
- 5. Painting
- 5.1 Before leaving shop all steel will be thoroughly cleaned of all loose mill scale, rust weld slag or flux deposit or other foreign matter.
- 5.2 All steel work will be given one shop coat of a first class rust-inhibitive primer. Following steel erection, scratches and scars will be touched up by the steel erector.

DIVISION 6 - WOOD AND PLASTICS

- 1. Shelving
- 1.1 Janitor closet shelving will be pine with a painted finish.
- 1.2 All closet and storage shelving shall conform to requirements of Section 600 of Architectural Woodwork Institute (AWI) "Quality Standards". Shelving shall be of softwood plywood or particle board.
- 2. Rough Carpentry
- 2.1 Lumber for nailers, blocking, etc., shall be No. 2 or better grade Douglas Fir or Southern Pine.
- 2.2 Wood roof blocking shall be rot resistant.
- 3. Paneling
- 3.1 Wood paneling to be architectural grade plywood in finish as selected and will be a minimum of 1/4" thick with a fire retardant finish.
- 4. Cabinets
- 4.1 All cabinets, cases, counters, shelving, etc., shall conform to requirements of Section 400 of Architectural Woodwork Institute (AWI) "Quality Standards".
- 4.2 Exposed surfaces shall be plastic laminate.

Construction shall conform to the following design as shown in the AWI publication, "Architectural Casework Details"- flush overlay.
- 4.3 Plastic laminate shall conform to NEMA specifications, 1/16 in. thick, color as selected; finish shall be suede.
- 4.4 Hardware finish shall be dull chrome plated, US26D.

- 4.5 All standing and running trim shall conform to requirements of Section 300 of Architectural Woodwork Institute (AWI) "Quality Standards".

DIVISION 7 - THERMAL AND MOISTURE PROTECTION

1. Dampproofing
 - 1.1 Trowelled or spray-applied mastic to exterior face of foundations walls below grade at occupied Ground Floor spaces.
 - 1.2 Plastic sheeting under all slabs on grade at Ground Floor level shall be 4 mil poly-vinyl chloride sheet.
 - 1.3 Membrane through-wall flashing where required will be PVC Sheet.
2. Roofing
 - 2.1 Over all built up roof areas provide 20-year type asphalt and aggregate roofing with a fabric base flashing and with metal counterflashing on fiberglass insulation. Vapor barrier between metal deck.
 - 2.2 Asphalt will conform to ASTM D312-71, Type IV. Felts will be tarred felt conforming to ASTM D227-56, 15 pound Type.
 - 2.3 Aggregate for roof surfacing will be gravel or crushed blast furnace slag with 100 percent passing a 5/8 inch mesh and 100 percent retained on a No. 4 mesh.
 - 2.4 An acceptable roof expansion joint system will be provided.
3. Roof Accessories
 - 3.1 Roof hatches and smoke hatches shall be as necessary.
4. Building Insulation
 - 4.1 Foundation wall insulation where required will be expanded polystyrene plastic foam insulation.
 - 4.2 Insulation for wall panels and exterior soffits will be fiberglass blanket insulation or rigid foam plastic.
5. Flexible Sealant
 - 5.1 Flexible sealant will be a polysulfide base compound with a polyethylene back-up material.
6. Exterior Facing Panels
 - 6.1 Exterior facing panels will be an insulated metal wall panel. Color to be selected by Architect.

DIVISION 8 - DOORS AND WINDOWS

1. Entrances

- 1.1 Lobby concourse will have heavy-duty anodized aluminum stile and rail doors with glass infill.
- 1.2 Exit doors will be flush hollow metal doors, with panic hardware and painted finish.
- 1.3 Exterior utility doors shall be of steel construction, painted.
- 2. Doors and Frames (Interior)
 - 2.1 Hollow metal doors and frames with paint finish, typical.
 - 2.2 Hardwood veneer solid core doors and hollow metal frames at selected office areas.
 - 2.3 Hollow metal fire-rated doors and frames where required by code.
 - 2.4 Metal louvers will be provided at doors as per mechanical requirements, and in conformance to code.
- 3. Hardware
 - 3.1 Dull or polished chrome.
 - 3.2 Cast aluminum closer housings.
 - 3.3 Keying system as directed by Owner.
- 4. Windows
 - 4.1 Tinted bronze insulating glass, glazed into aluminum frames.
 - 4.2 Spandrel panels will be opaque tempered glass of matching color with insulated back.
- 5. Special Doors
 - 5.1 Motor operated, insulated overhead doors will be provided at the loading entrances.

DIVISION 9 - FINISHES

- 1. Floor Finishes
 - 1.1 Ceramic tile at showers and toilets.
 - 1.2 Quarry tile in kitchen and lobby.
 - 1.3 Smooth-trowelled concrete with hardener and sealer at service and storage areas.
 - 1.4 3/32" thick Vinyl asbestos tile as required in other areas.
- 2. Base
 - 2.1 4" high vinyl base, typical where V.A.T. occurs

- 2.2 2-1 / 2" vinyl carpet base at carpet areas.
- 2.3 4" high covered ceramic tile at showers.
- 2.4 Quarry tile base where Quarry tile occurs.
- 2.5 Wood base at parquet floor areas.
- 3. Stairs
 - 3.1 Concrete or metal pan structure with carborundum and steel inserts at nosings.
- 4. Interior Partitions
 - 4.1 Concrete block or steel stud and gypsum wallboard partitions painted 2-coat latex finish.
- 5. Wall Finishes
 - 5.1 Latex paint at utility and storage rooms.
 - 5.2 Ceramic tile at toilets and showers.
- 6. Ceilings
 - 6.1 Suspended acoustic tile at offices, meeting rooms, meeting room, corridors, lobbies.
 - 6.2 Washable tile ceiling in kitchen.
 - 6.3 Gypsum board at toilets, locker rooms, showers, and dressing rooms.
 - 6.4 Latex paint at lockers and dressing rooms.
 - 6.5 Two-coat epoxy at toilets and showers.
 - 6.6 Exposed structure elsewhere.
- 7. Fireproofing
 - 7.1 Structural steel required by code to be fireproofed will receive a fireproofing coating of paper thickness to meet fire-rating.
- 8. Exterior Wall Materials
 - 8.1 Exterior spandrel panels and selected walls of building shall be cement plaster in a warm tone color.

DIVISION 10 - SPECIALTIES

- 1. Louvers

- 1 1 Exterior louvers will be metal with a color finish.
- 1.2 Interior louvers will be metal, painted to match adjacent surface.
2. Access Panels
- 2.1 Sheet metal access panels and frames will be provided throughout as required.
3. Toilet Compartments
- 3.1 Toilet compartments will be wall mounted complete with doors and finish hardware.
- 3.2 Wall mounted privacy screens will be provided at urinals where required.
- 3.3 Finish will be baked enamel.
4. Toilet Accessories
- 4.1 Wall hung fixtures, typical.
- 4.2 Mirrors above lavs, with shelf, 1 / 4" polished plate glass with stainless steel frame.
- 4.3 Paper towel cabinets in each toilet room, stainless steel finish.
- 4.4 One handicapped stall in each toilet room.
- 4.5 One low-mounted urinal in each men's toilet room.
- 4.6 All toilet hardware and connecting devices to be vandal resistant.
- 4.7 Two sanitary napkin dispensers in each large women's toilet room.
- 4.8 One napkin disposal container in each women's stall.
- 4.9 Trash receptacles will be provided in all toilet rooms.
5. Flagpoles
- 5.1 Flagpoles will be standard type sectional color anodized aluminum. Flagpole should be complete with all pulleys, ropes, tie devices necessary for use.
6. Identifying Devices
- 6.1 Exterior signs will be of cast bronze or anodized aluminum letters attached to walls.
- 6.2 Interior signs will be solid acrylic plastic, fiberglass, etc., with anodized aluminum frames where appropriate
- 7 Lockers

- 7.1 Single-tier lockers will be 12" x 12" x 72. 16 ga. Steel Painted finish, color as selected.
- 8. Folding Partitions
- 8.1 Provide acoustical folding partitions to subdivide areas in ballroom and meeting rooms. Partitions will be all steel construction with vinyl finish to meet local codes.
- 8.2 Provide acoustical folding partitions to subdivide meeting rooms. Partitions shall have a STC rating of 38-42 or better.
- 9. Fire Extinguishers
- 9.1 Fire extinguishers will be provided as required by code.

DIVISION 11 - EQUIPMENT

- 1. Waste Handling Equipment
- 1.1 Provide metal trash chute from guest room levels to ground floor.
- 2. Loading Dock Equipment
- 2.1 Provide dock bumpers of hard rubber at edge of slab along dock.
- 3. Kitchen And Laundry Equipment
- 3.1 Kitchen and laundry equipment rough-in and hookup will be in this contract. Equipment to be by Owner.
- 4. Front Desk Equipment
- 4.1 Front desk equipment to be by Owner.
- 5. Vending Equipment
- 5.1 Rough-in for vending to be part of this contract but not the equipment.

DIVISION 12 - FURNISHINGS

- 1. Furnishings
- 1.1 All furnishings to be by the Owner.
- 2. Millwork
- 2.1 Counters will be plastic laminate on plywood or particle board.
- 2.2 Telephone cubicles will be factory-built units of plastic laminate and perforated metal acoustic baffles.

2.3 Exposed wood millwork will be red oak, with stain and varnish finish.

3. Drapery Tracks

3.1 Drapery tracks will be provided at selected office windows and all guest room windows and will be recessed extruded aluminum with nylon guides.

DIVISION 14 - CONVEYING SYSTEMS

1. Elevators - Hotel

1.1 Provide 4 passenger elevators and 1 freight elevator equal to those manufactured by any of the nationally recognized firms and capable of providing maintenance in the area. All elevators will be 2500 lb. capacity with vertical speed capable of 400 fpm. Doors will be center opening. All elevators will be collective control.

DIVISION 15 - MECHANICAL

1. Mechanical Design Criteria

1.1 The following codes will apply in the design and construction of the mechanical features of this facility:

1976 Uniform Building Code

ASHRAE Guide

National Fire Protection Association

ASME

OSHA

EPA

All applicable state and local codes and ordinances

1.2 Spaces will be heated, air conditioned and/or ventilated in accordance with above codes and design guides and in accordance with established engineering practices.

2. Service Connections

2.1 Required building service connections will be made to mains located on the property.

2.1.1 Sanitary sewer

2.1.2 Storm sewer

2.1.3 Cold water

3. Plumbing

3.1 Plumbing systems will consist of cold and hot water, storm and sanitary sewer.

3.1.1 Plumbing systems and equipment will be provided in accordance with applicable codes and regulations.

3.1.2 A subdrain system will be provided if necessary.

DIVISION 16 - ELECTRICAL

1.1 Scope

Electrical design will conform with the following standards

1975 National Electrical Code
Institute of Electrical & Electronics Engineers
American National Standards Institute
National Electrical Manufacturers Association
Underwriters Laboratories
Applicable State and Local Codes and Ordinances

2. Power Distribution

2.1 Receive power as primary or secondary service as determined by the local utility company.

2.2 Critical loads will be served by an Emergency Generator.

2.3 Use voltage.

2.3.2 Supply receptacle, incandescent lighting and small power loads at 120/208 volts, 3 phase, 4 wire.

2.3.3 Supply motors at 480 volt, 3 phase, 4 wire where possible.

2.4 Distribution of power will be located in all areas with respect to the functions served.

3. Lighting

3.1 General lighting

3.1.1 Lighting levels will normally be in accordance with recommendations or as required for the functions served.

3.1.2 High efficiency light source will be used wherever possible.

3.2 Emergency Lighting and Power

An emergency lighting and power system will be provided. The distribution system will be designed such that an emergency generator will pick up the required loads through an automatic transfer switch.

3.2.1 The required emergency loads will consist of:

Lighting for corridors, passageways, stairways, public areas, landings at exit doors.
Lighting for exit and exit directional signs
Power for alarm system.
One elevator.

4. Distribution Systems Equipment

HOTEL FINANCIAL PROJECTIONS

PROPOSED RADISSON HOTEL

Fort Wayne, Indiana
351 Rooms
Operating Projections
(000's)

	Year 1 1983 60% Average Room Rate		Year 2 1984 65% Average Room Rate		Year 3 1985 70% Average Room Rate		Year 4 1986 73% Average Room Rate		Year 5 1987 75% Average Room Rate	
	\$58.50		\$64.50		\$71.00		\$78.00		\$86.00	
	\$	%	\$	%	\$	%	\$	%	\$	%
Estimated Revenues:										
Rooms	\$4,497	46.4%	\$5,371	47.0%	\$6,367	47.5%	\$7,294	47.8%	\$8,263	48.0%
Food & Beverage	4,197	43.3	4,914	43.0	5,737	42.8	6,501	42.6	7,299	42.4
Catering	746	7.7	869	7.6	1,005	7.5	1,129	7.4	1,274	7.4
Other	252	2.6	274	2.4	295	2.2	336	2.2	379	2.2
Total Revenues	9,692	100.0	11,428	100.0	13,404	100.0	15,260	100.0	17,215	100.0
Estimated Departmental Expenses:										
Rooms	1,124	25.0	1,289	24.0	1,464	23.0	1,605	22.0	1,735	21.0
Food & Beverage	3,232	77.0	3,686	75.0	4,188	73.0	4,681	72.0	5,182	71.0
Catering	485	65.0	547	63.0	603	60.0	677	60.0	764	60.0
Other	277	110.0	288	105.0	295	100.0	336	100.0	379	100.0
Total Dept. Expenses	5,118	52.8	5,810	50.8	6,550	48.9	7,299	47.8	8,060	46.8
Departmental Income	4,574	47.2	5,618	49.2	6,854	51.1	7,961	52.2	9,155	53.2
Estimated Undistributed Expenses:										
Administrative & General	727	7.5	834	7.3	938	7.0	1,068	7.0	1,205	7.0
Marketing	582	6.0	629	5.5	670	5.0	717	4.7	775	4.5
Heat, Light & Power	485	5.0	571	5.0	670	5.0	763	5.0	861	5.0
Repairs & Maintenance	320	3.3	389	3.4	469	3.5	565	3.7	689	4.0
Total Undist. Expenses	2,114	21.8	2,423	21.2	2,747	20.5	3,113	20.4	3,530	20.5
Gross Operating Income	2,460	25.4	3,195	28.0	4,107	30.6	4,848	31.8	5,625	32.7
Other Costs:										
Management Fee	485	5.0	571	5.0	670	5.0	763	5.0	861	5.0
Taxes	100	1.0	123	1.0	146	1.0	168	1.0	191	1.0
FF&E Reserve	126	1.3	149	1.3	174	1.3	198	1.3	224	1.3
Operating Profit	\$1,749	18.0%	\$2,052	18.0%	\$2,763	20.6%	\$3,322	21.8%	\$3,903	22.7%

Note: Average room rates are based on a 1980 rate of \$44.0 compounded at 10% per year. Thus, 1981 = \$48.40, 1982 = \$53.25, etc.

March 14, 1980

PROPOSED RADISSON HOTEL

Fort Wayne, Indiana
351 Rooms
Project Cost and Financing

Project Cost	Per Room	Total	%
Design/Build	\$44,160	\$15,500,000	67.0%
Furniture, Fixtures & Equipment	10,000	3,510,000	15.2
Interim Interest (Net)	2,850	1,000,000	4.3
Operating Reserves	2,280	800,000	3.5
Development Fee	1,280	450,000	1.9
Pre-Opening Expenses	1,250	440,000	1.9
Working Capital	1,140	400,000	1.7
Land	140	50,000	.2
Other (Legal, Taxes, Etc.)	1,140	400,000	1.7
Contingency	1,710	600,000	2.6
Total	<u>\$65,950</u>	<u>\$23,150,000</u>	<u>100.0%</u>

Project Financing

First Mortgage	\$14,000,000	60.5%
Second Mortgage - UDAG	4,000,000	17.3
Equity	<u>5,150,000</u>	<u>22.2</u>
Total	<u>\$23,150,000</u>	<u>100.0%</u>

March 14, 1980

LAVENTHOL & HORWATH



CERTIFIED PUBLIC ACCOUNTANTS

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A MEMBER OF
HORWATH & HORWATH INTERNATIONAL
WITH AFFILIATED OFFICES WORLDWIDE

March 5, 1980

Mr. Tom Van Housen
Landmark
One Appletree Square
Bloomington, Minnesota 55420

Dear Mr. Van Housen:

Pursuant to our engagement letter, we have reviewed the statement of operating projections and statement of project cost and financing for the 351-room Radisson Hotel proposed for Fort Wayne, Indiana. These statements were reviewed in conjunction with the projections prepared by our firm in our report entitled "Market Area Analysis and Financial Projections for a Proposed Convention Center and Hotel in Fort Wayne, Indiana", dated August 1978.

It is to be noted that our August 1978 report was prepared for the Fort Wayne Development Commission for purposes of attracting a developer for the proposed hotel component. As such, it necessarily required assumptions that allowed for a range of developers, operators, types and quality of facilities, as well as other factors which might affect the operation of the proposed hotel.

Your firm was subsequently selected as the potential developer of the project. As a result of that selection, several factors have evolved which may have an impact on the proposed hotel's operating characteristics. These items are presented in the following paragraphs.

Landmark has previously been involved in the development of convention-oriented lodging facilities in other areas of the country. Its existing facility, the Hyatt Regency Lexington, and a planned facility, the Hyatt Regency Flint (presently under construction), provide evidence of the quality of facilities with which the firm is involved. This is a key factor in the analysis of the ability of the proposed project to penetrate the existing lodging market, as well as to generate new demand in the Fort Wayne area.

Landmark has reached a preliminary agreement with Radisson Hotel Corporation whereby the latter would manage the proposed hotel. This would provide the subject facility with national affiliation and managerial support. In addition, Radisson is generally perceived by the traveling public to be above the median level of hotel chains in terms of quality, image and orientation to the group and commercial market segments.

We have been involved in recent meetings with the Fort Wayne Redevelopment Commission, the Allen County Convention Center Authority and Landmark to review plans for the proposed hotel and

March 5, 1980

convention center. The present program of an integrated facility is typically considered superior, from a marketing standpoint, to the concept of two independent facilities.

It was also concluded from these meetings that there is continued support for the proposed project on the part of the major employers in the Central Business District.

Several factors included in our August 1978 report should be noted in any comparison of our original projections with those of your firm. We assumed that the proposed hotel would open in January 1981, whereas your projections indicate a 1983 opening. Accordingly, there would be an additional two years of growth in demand before your proposed opening. If it is assumed that there will be no changes in the supply and demand characteristics, as presented in our August 1978 report, this factor would indicate increased utilization of the proposed hotel.

It should also be noted that the published rate structures of the area have increased substantially since our field work was performed. The Marriott Inn has increased its published low single rate 35.5%, from \$31 to \$42, and its low double rate 28.2%, from \$39 to \$50, since our August 1978 report. Similarly, the Holiday Inn has increased its published low single rate 37.9%, from \$29 to \$40, and its low double rate 25.0%, from \$36 to \$45. While these factors do not necessarily translate directly into increases in the average rate per occupied room, they are indicative of the aggressive pricing policies of area hotels.

March 5, 1980

Our August 1978 report also assumed a modest 5% premium in average rate over the then-existing rate leader. Working within the constraints of an unknown product and operator, this premium was considered achievable. It is possible, however, considering the operator and the quality of facility proposed, that an additional premium could be garnered. Without performing additional fieldwork to determine the existing rate-sensitivity in the area and the effect that the substantial rate increases have had on utilization, we are unable to comment on the achievability of the average rates which you have projected. However, considering recent industry trends nationally, we would not conclude that your projections are *prima facie* unreasonable.

On the basis of a cursory review of your projections of revenues and expenses in relation to the percentage occupancy and average rate, and considering operating characteristics of similar types and styles of facilities, the projections do not appear unreasonable.

This letter is based on estimates, assumptions and other information developed from our original research of the market (as input for our August 1978 report), knowledge of the industry and meetings with you during which you provided us certain information. We did not perform any market research, other than with information which is public, since the release of our August 1978 report.

March 5, 1980

Since our letter is based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not present them as results that will actually be achieved.

Our letter is intended solely for your use and in support of an application with a lending institution for financing the proposed project. It may also be submitted to a hotel franchisor or management firm in order to generate interest in licensing or managing the property. Otherwise, neither the letter nor its contents may be referred to or quoted in any registration statement, prospectus, loan, or other agreement or document.

Very truly yours,

Laventhol & Harwath



RADISSON HOTEL CORPORATION 12805 State Highway 55, Minneapolis, Minn. 55441 (612) 540-5526

November 20, 1979

Mr. Tom Van Housen
Landmark Corporation
One Appletree Square
Bloomington, MN 55420

Dear Mr. Van Housen:

The Radisson Hotel Corporation appreciates the opportunity of possible participation in the development of a convention center hotel complex in Fort Wayne, Indiana, and it has a sincere interest in managing the completed facility.

We have studied the Laventhol & Horwath analysis prepared for the convention center hotel. After our preliminary marketing survey, we believe that the projections outlined in the study are attainable, and that the scope of facilities recommended in their study is appropriate. Radisson is enthusiastic about Fort Wayne's program and impressed with its civic interest, and we look forward to becoming a part of the project.

We would suggest a management agreement under which Radisson would manage the hotel operation for a fee of 4% of gross revenue, plus an incentive fee of gross operating profit. We would recommend a base term of the agreement to coincide with the term of permanent financing plus options to renew. An equity position as a limited partner will be considered by Radisson upon receipt of all financial data. A technical assistance fee would be charged for Radisson's consulting service in connection with the planning, designing, furnishing and equipping the complex.

Budget planning must include a pre-opening budget of \$1,200 per room. This is part of the total project cost and provides funds for administration, recruiting, staffing and training of personnel prior to opening. It also includes expenses for the advertising and marketing program which is started at least one year prior to opening.

It is our understanding that the project consists of three principal areas - the hotel itself of between 350-400 rooms, a contiguous public meeting facility which would include meeting and banquet areas and a separate exhibition hall. The scope of these facilities was generally outlined in the L & H report. We anticipate that the hotel owners would control the meeting and banquet facilities from the City, and that these facilities would thereby become an integral part of the hotel complex, and, therefore, incorporated into the hotel management agreement.



Mr. Tom Van Housen
November 20, 1979
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In a separate agreement, the hotel would manage the exhibit hall for a fixed annual fee which would be negotiated. In addition, the hotel would enjoy exclusive food and beverage catering concessions in the exhibit hall. The agreement would outline a formula of charges to be paid for use of the exhibit facilities by the hotel, as well as commission which would be paid by the hotel on catering revenues. The exhibit hall agreement would also be for a term of 30 years with two 30 year options.

We anticipate that the hotel project could commence construction on or about November 1, 1980, with a construction period of approximately 24 months, enabling completion on or about November 1, 1982. This schedule would be subject to final review by both our organizations.

Conclusions of our agreement would, of course, be subject to final arrangement of both interim and permanent financing which would be reviewed and approved by yourselves and the City of Fort Wayne, as well as Radisson. The agreement will also be contingent upon the City's providing the hotel with the following supportive features:

1. A parking ramp of approximately 400 cars adjacent to or continuous with the hotel complex.
2. Development of adequate vehicular traffic flow to and from the site along the existing street patterns.
3. Provision of adequate pedestrian traffic flow at both the first and second levels, including pedestrian bridges crossing Calhoun & Jefferson Streets to the parking ramp.
4. Availability of all off-site utilities of adequate size to accommodate Radisson requirements.
5. Air Rights and Ground Lease Rights to public area between the hotel and convention center.
6. Upgrading of the public meeting rooms to Radisson's standards for such rooms.
7. Calhoun Street would be beautified with landscaping and street furniture, consistent with the City's development plan.
9. A liquor license shall be made available to the hotel operator.

We appreciate the opportunity to be considered for participation in Fort Wayne's development plans. Please be assured of our fullest cooperation.

Sincerely,


Donald E. Clayton
Vice President - Corporate Development

DEC/bq

DIGEST SHEET

TITLE OF ~~ORDINANCE~~ ^{RESOLUTION} Civic Center Hotel Project/UDAG *R 800405*DEPARTMENT REQUESTING ~~ORDINANCE~~ ^{RESOLUTION} Department of Redevelopment

SYNOPSIS OF ~~ORDINANCE~~ ^{RESOLUTION} The subject resolution approves the filing
of an Application with the U.S. Department of Housing & Urban Development
for an Urban Development Action Grant for the Civic Center Hotel Project..

EFFECT OF PASSAGE City will apply for UDAG to assist in development of
the Civic Center Hotel.

EFFECT OF NON-PASSAGE City and private developer will not be able to
proceed with development of the Civic Center Hotel as part of the Civic
Center Urban Renewal Project.

MONEY INVOLVED (Direct Costs, Expenditures, Savings) _____

Total Cost: \$23,150,000

Private Investment: \$19,150,000

UDAG Funds: \$4,000,000

ASSIGNED TO COMMITTEE (J.N.) _____

PROPOSED RADISSON HOTEL

Fort Wayne, Indiana
351 Rooms
Operating Projections
(000's)

	Year 1 1983 60%		Year 2 1984 65%		Year 3 1985 70%		Year 4 1986 73%		Year 5 1987 75%	
Percentage of Occupancy Average Room Rate	\$58.50		\$64.50		\$71.00		\$78.00		\$86.00	
	\$	%	\$	%	\$	%	\$	%	\$	%
Estimated Revenues:										
Rooms	\$4,497	46.4%	\$5,371	47.0%	\$6,367	47.5%	\$7,294	47.8%	\$8,263	48.0%
Food & Beverage	4,197	43.3	4,814	43.0	5,737	42.8	6,501	42.6	7,299	42.4
Catering	746	7.7	869	7.6	1,005	7.5	1,129	7.4	1,274	7.4
Other	252	2.6	274	2.4	295	2.2	336	2.2	379	2.2
Total Revenues	9,692	100.0	11,428	100.0	13,404	100.0	15,260	100.0	17,215	100.0
Estimated Departmental Expenses:										
Rooms	1,124	25.0	1,289	24.0	1,464	23.0	1,605	22.0	1,735	21.0
Food & Beverage	3,232	77.0	3,686	75.0	4,188	73.0	4,681	72.0	5,182	71.0
Catering	485	65.0	547	63.0	603	60.0	677	60.0	764	60.0
Other	277	110.0	288	105.0	295	100.0	336	100.0	379	100.0
Total Dept. Expenses	5,118	52.8	5,810	50.8	6,550	48.9	7,299	47.8	8,060	46.8
Departmental Income	4,574	47.2	5,618	49.2	6,854	51.1	7,961	52.2	9,155	53.2
Estimated Undistributed Expenses:										
Administrative & General	727	7.5	834	7.3	938	7.0	1,068	7.0	1,205	7.0
Marketing	582	6.0	629	5.5	670	5.0	717	4.7	775	4.5
Heat, Light & Power	485	5.0	571	5.0	670	5.0	763	5.0	861	5.0
Repairs & Maintenance	320	3.3	389	3.4	469	3.5	565	3.7	689	4.0
Total Undist. Expenses	2,114	21.8	2,423	21.2	2,747	20.5	3,113	20.4	3,530	20.5
Gross Operating Income	2,460	25.4	3,195	28.0	4,107	30.6	4,848	31.8	5,625	32.7
Other Costs:										
Management Fee	485	5.0	571	5.0	670	5.0	763	5.0	861	5.0
Taxes	100	1.0	423	3.7	500	3.7	565	3.7	637	3.7
FF&E Reserve	126	1.3	149	1.3	174	1.3	198	1.3	224	1.3
Operating Profit	\$1,749	18.0%	\$2,052	18.0%	\$2,763	20.6%	\$3,322	21.8%	\$3,903	22.7%

Note: Average room rates are based on a 1980 rate of \$44.0 compounded at 10% per year. Thus, 1981 = \$48.40, 1982 = \$53.25, etc.

March 14, 1980